

UNITED STATES DEPARTMENT OF COMMERCE  
Washington, DC

INTERNATIONAL TRAVEL TO THE U.S.  
DIALOGUE ON THE CURRENT STATE OF PLAY

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P R O C E E D I N G S

INTRODUCTORY REMARKS

MR. BAKER: We are running just a few minutes late, but we're trying to clear everyone in before we get started. There are still people waiting to get in. But in the interest of keeping us somewhat on schedule, we are going to begin.

In doing so, I would like to first introduce myself. My name is Doug Baker and I serve here at the Department of Commerce as the Deputy Assistant Secretary for Services, Tourism and Finance in the International Trade Administration.

On behalf of Secretary Evans, I would like to welcome you to the Department of Commerce. Thank you for taking the time to attend this important discussion on the current state of international travel to the United States and its resulting impact on the U.S. economy.

You will hear today from several speakers, including, in just a few minutes, Under Secretary for International Trade Grant Aldonas, who will provide the morning keynote examining the relationship between border security and economic security. The need to balance these issues is paramount in our collective efforts to keep this economy growing.

1           Following the keynote address, you will hear  
2     from Steve Pinkos, Staff Director of the House  
3     Judiciary Committee, who will set the stage for the  
4     discussions with a review of the legislative  
5     requirements driving temporary entry issues.

6           You will have the opportunity later to hear  
7     from Assistant Secretary Stewart Verdery from the  
8     Department of Homeland Security on visa policy  
9     considerations, so we will better know what to expect  
10    in the future and identify how these responsibilities  
11    are broadly distributed across the Federal Government.

12          Later in the day, we are fortunate to have  
13    Assistant Secretary Pat Harrison. She is Assistant  
14    Secretary for Educational and Cultural Affairs at the  
15    Department of State.

16          Assistant Secretary Harrison will provide the  
17    afternoon keynote with a review of international  
18    diplomatic implications that result from efforts to  
19    increase border security.

20          You will also hear from three panels. The  
21    first panel will focus on the implementation of the US-  
22    VISIT Program. Our moderator for this panel is Jim  
23    Williams, Director of the US-VISIT Program at the  
24    Department of Homeland Security, along with panelists  
25    from industry to discuss their issues and concerns.

1           The second panel will focus on the milestones  
2 of this implementation. We have had a slight change in  
3 the program. Catherine Barry, Managing Director of the  
4 Office of Visa Services at the State Department, is  
5 filling in as moderator for this program in place of  
6 Deputy Assistant Secretary Janice Jacobs, who is unable  
7 to join us today due to a death in her family.

8           The final panel will address policy  
9 implications that affect the conducting and booking of  
10 international travel-related business in the United  
11 States. The panel will be moderated by Alfonso  
12 Martinez-Fonts, who is Special Assistant to the  
13 Secretary of Homeland Security.

14           We will also have representatives across a  
15 broad range of industry associations, as well as the  
16 VISIT-USA - United Kingdom chairman.

17           This administration recognizes the importance  
18 of economic growth. According to government data  
19 recently released by the Bureau of Labor Statistics,  
20 new jobs are growing and the unemployment rate is  
21 dropping across the country.

22           More Americans are working today than at any  
23 time in our Nation's history. According to this data,  
24 there are more than 138 million Americans employed  
25 today. We have created over a million jobs in the last

1 eight months alone. On Friday, we announced that we  
2 had created 248,000 jobs in May, 288,000 jobs in April,  
3 and 337,000 jobs in March.

4 Clearly, the momentum is there and we need to  
5 make sure that we are able to sustain that momentum.  
6 In order to continue and expand this growth, we must  
7 remain vigilant to ensure that increases in border  
8 security do not stifle this growth.

9 The United States is a world power in trade.  
10 As the administration has shown with its aggressive  
11 international trade agenda, both with respect to free  
12 trade agreements as well as its leadership in the World  
13 Trade Organization, trade liberalization is important  
14 to economic growth.

15 If citizens of our trading partners cannot  
16 travel to the United States to conduct business to get  
17 a world-class education, receive state-of-the-art  
18 medical attention, or just visit our cities and natural  
19 wonders, we are jeopardizing our economic health, not  
20 to mention the harm to our diplomatic efforts.

21 So, there is a balance we need to strike as a  
22 government: keep the economy growing and expanding, and  
23 protect our homeland from those who would otherwise do  
24 us harm. Both goals are important and both can be  
25 achieved through a coordinated effort.

1           The events of September 11 have caused many  
2 changes in the way the U.S. Government works. You have  
3 seen some of those changes by entering the Department  
4 this morning. We have all accepted a little bit of  
5 inconvenience to ensure our safety, and that is an  
6 acceptable trade-off. However, we must also work to  
7 ensure that additional security precautions do not  
8 hinder trade and economic growth.

9           My office here at the Department is working  
10 with our colleagues both at State and Homeland Security  
11 to ensure that, as the government moves forward with  
12 new security measures, the impact on trade and the  
13 economy is both considered and limited.

14           Today, our guests from the private sector can  
15 provide us a gauge of how successful our work has been,  
16 and hopefully point out where we can, and need to, make  
17 improvements.

18           We have put this conference together with the  
19 goal of hearing from the broader community. We want  
20 to, and need to, hear your questions and concerns. The  
21 panel format will offer attendees the opportunity to  
22 ask questions of both private and public sector  
23 participants.

24           It is our hope that as you listen to the  
25 remarks today, you will feel free to ask questions.

1 Dialogue is important and we need to hear your  
2 concerns.

3 As you can see, we are also recording this  
4 conference. We plan to make elements of the  
5 conference, both in written format as well as audio,  
6 available on our Web site.

7 Additionally, we hope to provide following  
8 this conference a report on the findings made at this  
9 conference, and that will also be posted on our Web  
10 site.

11 In closing, I would like to quote a great  
12 leader who is no longer with us, Ronald Reagan, who  
13 once said, "We in government should learn to look at  
14 our country with the eyes of the entrepreneur, seeing  
15 possibilities where others see only problems."

16 I know that by working together we will be  
17 able to promote trade and secure our borders in a  
18 seamless manner.

19 Now it is my privilege to introduce Under  
20 Secretary of Commerce Grant Aldonas for the morning  
21 keynote.

22 Grant is uniquely qualified to provide these  
23 comments, having previously served in both the State  
24 Department in the Bureau of Economic Affairs, as well  
25 as the U.S. Trade Representative as Director of South

1 American and Caribbean Affairs.

2 Prior to his appointment as Under Secretary,  
3 Grant served as Chief International Trade Counsel to  
4 the chairman of the Senate Finance Committee, where he  
5 advised the chairman on all international trade and  
6 economic matters before the committee.

7 So, with that, let me please welcome Grant  
8 Aldonas.

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**KEYNOTE:**

**BALANCING BORDER SECURITY AND ECONOMIC SECURITY**

By Grant Aldonas

Under Secretary for International Trade

U.S. Department of Commerce

MR. ALDONAS: Thank you, and good morning. It is good to see all of you here, lots of friends in the audience, to talk about what I think is an incredibly important topic, both in economic terms and philosophically. I want to touch on both this morning.

But, first, I want to say thanks to Doug Baker, who is, at least from the point of view of all of you, and certainly from my perspective, the straw that stirs the drink on this issue.

Through Doug's leadership, part of what we have done, I think our friends at other agencies will agree, is really deal our interests and your interests in at the table so that as we go through the process of enhancing our security and developing the architecture that will allow us to get the benefit both of our trade and economic growth as well as our security, Doug has really been a staunch advocate on behalf of the interests, while trying to strike the appropriate balance in terms of what we are trying to achieve.

1           So, Doug, thank you very, very much for your  
2 leadership on these important issues.

3           Two thoughts, to start. One, of course, is  
4 the irony that we got started late because we could not  
5 clear people through security. I think that is  
6 probably a pretty good point to start from what you  
7 think about in terms of the problem we have facing us.

8           I have found myself, having spent a fair  
9 amount of time when I was on the Hill with Senator Roth  
10 and the Finance Committee, looking hard at the Customs  
11 Service, not from the point of view of trying to find  
12 out what is wrong, but frankly to try and figure out  
13 what was right and what we needed to improve on in the  
14 Customs Service.

15           One thing I found as a part of that process  
16 was a real willingness on the part of Congress, when  
17 confronted with the facts, to try to come to grips with  
18 it, set the priorities that need to be set, identify  
19 the resources that need to be identified, to try to  
20 make sure that we achieve goals as long as there is  
21 some credible foundation for the request.

22           Part of, I think, what is the value of the  
23 conference this morning is making sure that we hear  
24 from you so that we can reflect that in our discussions  
25 not only inside the administration, but also with

1 Congress, about the need to build out a more  
2 appropriate infrastructure.

3 In my own view, it is one of the failings of  
4 government, oftentimes, that we have to have a crisis  
5 before you can gather the political forces to move,  
6 that we are responsive and reactive rather than  
7 proactive.

8 We are in an environment now where we cannot  
9 afford to be reactive. We are in an environment where  
10 we have to be proactive. Indeed, in this world of  
11 security, what we are going to have to do is push the  
12 border offshore.

13 We need to project ourselves outward into the  
14 world rather than thinking we can isolate ourselves.  
15 At the end of the day, all of you in the business world  
16 are going to play a very, very important role in doing  
17 that.

18 As we have found in the past with the Customs  
19 Service in dealing with issues of FISL material and  
20 things like narcotics, the best intelligence is  
21 oftentimes gathered through the routes of trade, that  
22 whether they are terrorists or whether they are  
23 narcotics traffickers, the routes of trade are what  
24 they use to infiltrate their goods into this country,  
25 and more often than not is it the people in business

1 that are the folks that know what is going on on those  
2 routes of trade and can help us, and as a part of that,  
3 design the system in a way that will make us more safe.

4 Now, of course, the second point I want to  
5 make is not just the irony of where we started out this  
6 morning, but more philosophically. There may be a few  
7 people in the audience that are of my generation, and  
8 many of you may remember, as I did, air raid drills  
9 when I was the age of six at Bancroft Elementary School  
10 in Minneapolis, Minnesota, where we all got our little  
11 yellow raincoats out and hid under our desks and put  
12 the raincoats over us.

13 Even at the age of six, we thought, this is  
14 not going to work. There was that recognition that  
15 somehow we live in a world of risk. We can take what  
16 precautions we should, but fundamentally there was  
17 always that threat.

18 My children grew up at a point where that  
19 threat had been lifted. It is poignant with Ronald  
20 Reagan's passing to point out that we are now almost 15  
21 years from the end of the Cold War.

22 During that time, the bulk of the lifetime  
23 when my children were growing up, that Sword of  
24 Damocles of nuclear Armageddon, just to mix my  
25 metaphors a little bit, that really hung over us for so

1 many decades was lifted.

2 It is back. It is back in a more virulent  
3 form because there is no stability in the system or in  
4 the threat that we face now, unlike it was in the days  
5 of the Cold War. There was some reliability of the  
6 interactions. That is not what we face now.

7 There is an understandable reaction to the  
8 events of both 9/11 and that persistent threat, and the  
9 instability of that threat on the part of those who are  
10 concerned for our security, to hunker down, to say what  
11 we have to do is find a way to filter out any potential  
12 risk.

13 Now, we all understand in business that you  
14 cannot end all risk. I want to reassure you that the  
15 folks who take care of us in Homeland Security, the  
16 Defense Department, and certainly the Department of  
17 Justice, understand that. Their goal is not to end all  
18 risk.

19 But I can honestly say, based on my  
20 conversations with Doug and others, that they certainly  
21 do not want another 9/11 happening on their watch. We  
22 need to find the balance to do that.

23 Now, my own view is, the technologies are  
24 there. The business processes are there. I spent a  
25 lot of time in private practice, for about 15 years,

1 dealing with major American and foreign companies and  
2 their internal compliance programs to make sure,  
3 whether it was with Customs, or whether it was foreign  
4 fair practices, or whether it was export controls, or  
5 whether it was personnel, that what they had were the  
6 systems and the tools in place that provided some  
7 assurance to the government regulators that the  
8 companies themselves were participants--active  
9 participants--in the process of securing the goals that  
10 government sought in terms of compliance. That, too,  
11 is a very, very important, and in many respects  
12 untapped, tool in the fight against terrorism that we  
13 now have to tap.

14 And one of the things I definitely want to  
15 encourage in the discussion today is the ability of  
16 businesses to step forward with the controls that you  
17 have internally to try and provide some of the  
18 solutions and provide some of the assurances that our  
19 friends at Homeland Security, Justice, the State  
20 Department and other places can rely on as a way of  
21 trying to build out this infrastructure.

22 The last thing that I want to mention, just as  
23 we start off this morning, is something Doug and I  
24 talked about this morning. What we really need to do,  
25 with your help, is build out an architecture that will

1 work and that will facilitate trade.

2 Long before 9/11, one of the things that I saw  
3 in my checkered past dealing with international trade,  
4 was the fact that we had created the openness by  
5 negotiating trade agreements around the world.

6 We live in a world now where, rather than the  
7 60 percent tariffs of the Smoot-Hawley tariff in the  
8 1930s, we live in a world where in the United States  
9 our average tariff, on a trade-weighted basis, is about  
10 1.5 percent. That is a speed bump.

11 We live in a world now where technology,  
12 through changes in computing, telecommunications, and  
13 in transportation means not only that a global supply  
14 chain is possible, but it has become a competitive  
15 necessity.

16 If we want the full benefit of the world that  
17 we have created both through technology and the choices  
18 we have made with government policy to create a more  
19 open trade environment, we have to have the  
20 architecture and the infrastructure security that  
21 matches that openness.

22 To do that is going to require a willingness  
23 inside the administration, as well as a willingness  
24 with our partners in Congress, to identify the true  
25 cost and to find the tools, both technologically and in

1 business processes, that will help us minimize those  
2 costs, yet gain the security.

3 That is the advantage we have. I have to say,  
4 when I think about all of you in business, I think of  
5 what we bring to the table as Americans, and that is  
6 innovation.

7 I had the privilege last year of looking at  
8 the competitiveness of the American economy for about  
9 the bulk of a year, and the thing that struck me most  
10 about what business always does, is that continual  
11 drive under competitive pressure to raise its  
12 productivity.

13 One of the things I think we need to be  
14 thinking about together as we confront the issues of  
15 security is, what could we do that would give us both  
16 better security, as well as raise our productivity?

17 What are the changes that we have to make on  
18 the shop floor of security that would make the  
19 businesses processes work in a way to your advantage  
20 from the point of view of business, but also to our  
21 common advantage in terms of security, and what do we  
22 need to do to enlist allies in this?

23 For the first time when we negotiated an FTA  
24 with Singapore, we spent a fair amount of time focused  
25 on why Singapore should be interested in security, so

1     that it could sell itself in the marketplace as a port  
2     that had been certified by the U.S. Customs Service for  
3     its security.

4             Suddenly, that became a commercial advantage  
5     in the marketplace. The question is, how do we build  
6     into that infrastructure so that more people buy into  
7     that logic and the trade can flow?

8             Now, let me close, really, with one last point  
9     before I open it up for questions. It really has more  
10    to do with what we need to do with our own thinking.  
11    We do need to be creative. We do need to be a little  
12    bit confrontational about what the true costs are to  
13    this.

14            But the one lasting fact, and I will say,  
15    based on my own personal experience with the President,  
16    with Secretary Ridge, with Secretary Powell, with  
17    Secretary Evans, they understand one thing. If we do  
18    not strike the right balance here, what is most  
19    important to understand is the terrorists will have  
20    won.

21            If we cease to be engaged in the international  
22    economy, if we cease to be outward looking as  
23    Americans, if we cease to be fully engaged in terms of  
24    who we are and what we are, and openness, whether it is  
25    in our universities, whether it is in our businesses,

1     whether it is in our research, we will cease to be what  
2     we are as Americans.

3             We will cease to be--again, I am going to  
4     refer to Ronald Reagan--"that shining city on a hill"  
5     if what we have decided to do is isolate ourselves from  
6     the world.

7             So the goal is not pure security or pure  
8     commerce. The question is, how do we vindicate who we  
9     are as Americans while providing for our security?  
10    That is the balance you have to help us strike because,  
11    in the absence of your efforts together with us, like I  
12    say, the terrorists will have won.

13            That is something that we cannot allow to  
14    happen. For all the good that this country, and  
15    business in particular, can bring to the world, you are  
16    the face of America to most people, when we think about  
17    it. That is what happens when we are doing business.

18            People like to think of it in terms of profit.  
19    I think about it in moral terms and personal terms.  
20    You are advocates and ambassadors for who we are. That  
21    is why we are fully engaged in terms of trying to  
22    strike the right balance at the end of the day.

23            I know I speak for a lot of folks. I saw  
24    Stewart just came in. This is an issue that is not  
25    new. It is an issue that Stewart and I worked on when

1 we were on the Hill together. It is simply more  
2 poignant. We do need your help as a part of that  
3 process in striking the right balance.

4 At any rate, thank you very, very much. Thank  
5 you for coming. Thank you for the wisdom you are going  
6 to bring us. Please be open with your questions and  
7 your comments. Press us. At the same time, we are  
8 going to press you.

9 I never leave a podium without doing what Don  
10 Evans tells me to do as a good salesman, and that is  
11 put the "ask" on you. This is a two-way street. No  
12 whining. It is the sort of thing where we really have  
13 got to get the pragmatic solutions here.

14 That is why we need your help. But it is also  
15 why we are open to that help and willing to think  
16 outside the box ourselves. Thank you very much. I am  
17 free to take any questions you may have.

18  
19 MS. WALTER: Ronald Reagan was known as the  
20 Great Communicator. I'm Vanessa Walter with VISIT  
21 Florida. We are a large international destination and  
22 we have been very concerned about the visa issues and  
23 communicating. I don't think we disagree that those  
24 security measures are necessary. I think what we see  
25 happening, is not good communication around that.

1           So I think that some of the things that we're  
2     doing are okay, but we're hearing things like, people  
3     pick up the coldness. All these changes are based on  
4     security and fear, and we're not communicating beyond  
5     that that you're welcome.

6           I think people in the U.K. feel unwelcome in  
7     our country. TIA. You guys have done a great job with  
8     the facts, but people are human beings and emotionally  
9     they feel unwelcome. So, we have to address that, too.

10    I think it's really just sitting down and looking at  
11    how we communicate to people, and people coming in  
12    through security.

13           I'm a U.S. citizen and I feel funny when I  
14    travel in the States. Everybody has felt that since  
15    9/11. I think we just need to maybe look at how we are  
16    making people feel versus just telling them facts.

17           MR. ALDONAS: That's a good comment. Of  
18    course, this is the point where I start to push back,  
19    which is to say, what would you suggest we do?  
20    Because, you know, particularly for those in the travel  
21    and tourism industry, one of the things you do -- all  
22    right.

23           I'll use a loose analogy. We've all taken a  
24    trip to Disney World, been down to Orlando. We may  
25    have taken our kids. In some respects, what would be

1 very helpful as a part of this process is how to  
2 address that fundamental problem.

3 I know that when I was standing shortly after  
4 9/11 in San Francisco International Airport, the real  
5 problem was the fact that that airport was not built  
6 for the new security demands. It just wasn't. It  
7 wasn't designed with that in mind.

8 So the lines were out the door and outside to  
9 the street as they were trying to get themselves  
10 organized to grapple with the new security  
11 requirements.

12 And everybody in that line was bitching about  
13 United Airlines, not about San Francisco International  
14 Airport and the architecture that was dated 40 years in  
15 the past.

16 But part of what I think business can help us  
17 with precisely on that point, is really how do we do  
18 that? I know that there have been improvements.

19 Certainly in terms of the things that I see  
20 since I travel all the time, just like you, I'm  
21 starting to see things coming through where Homeland  
22 Security is putting up things that tell me what it's  
23 going to take me to get through the line, it's more  
24 open and receptive, it gives me a better sense of what  
25 the directions are and how to facilitate my way through

1     that. But one thing I would hope during the day is  
2     that we do get some comments about how we can improve  
3     that part of communication.

4             MS. WALTER: You know, we see companies that  
5     sort of have maybe different sections going off and  
6     they're not communicating together. I think, because  
7     this is all new to us, I'd say the Department of  
8     Homeland Security -- I have great hope in the U.S.  
9     Department of Commerce and the campaign that they're  
10    going to be doing in the U.K.

11            Everybody can be sure to get together, and the  
12    U.S. travel industry, and look at, before communication  
13    goes out, how is this going to be received, what can we  
14    say. I think a lot of people in the U.K. are concerned  
15    about privacy, and what are we going to do with that  
16    information that they give us.

17            I think these are more issues like trust and  
18    privacy, and just reassuring and letting people know  
19    that, in spite of all these security issues, they're  
20    welcome.

21            I think when the U.S. Department of Commerce  
22    works on this campaign, they're in a position to  
23    address some of that. I think we should, yes, report  
24    the facts, but also address that emotional/  
25    psychological part of a human being.

1           MR. ALDONAS: Again, I don't disagree. Again,  
2 I'm going to push back just a little bit, in the sense  
3 that what you just gave me was, again, a question of  
4 the perception they may have of what we do.

5           What I really need the help with--I'm not  
6 asking you to do it right now. I don't mean to put you  
7 on the spot--but as the day goes on, or if what we do  
8 is put together out of this conference something that  
9 does try to address that, what I would encourage you  
10 and everybody in business to be doing, is thinking  
11 about how we address that fundamental problem.

12           How do we make sure that, as a part of a  
13 communications strategy, what we are saying is, America  
14 is still open not just for business, we are open  
15 because that is who we are.

16           I appreciate very much what you're saying.  
17 The comments about how we do that as the day proceeds  
18 will be very, very helpful.

19           Please.

20           MS. MUTNICK: I'm Gail Mutnick. I'm Director  
21 of Meetings for the American Association for Clinical  
22 Chemistry. One of our issues, is we have lots of  
23 people who come to our annual meeting, which is about  
24 20,000 people, who want to present their work. They  
25 submit their work. It gets accepted. Then they need

1 to get a visa to come. We find that we get lots of  
2 people who say, I cannot get an appointment to get my  
3 visa until after the conference.

4 So, if you would like a concrete suggestion, I  
5 would like something to put in my brochures and on my  
6 Web site that says, if you're going to come to the  
7 United States, this is what you need to do.

8 This is where you need to go, this is how long  
9 it will take you, and if you have any other questions,  
10 this is who you call. Just a simple, two- or three-  
11 paragraph statement. That would help us in the  
12 meetings industry a tremendous amount.

13 MR. ALDONAS: It makes a tremendous amount of  
14 sense. I would also say that there are things that you  
15 can do to be proactive on that, which is, there is  
16 information available, certainly Web links, that ought  
17 to be included in your material that you send out.

18 The other thing that I would encourage folks  
19 to do, particularly on the academic side, which I know  
20 this is unusual and it is a very different situation in  
21 traditional research to be grappling with this, it is  
22 more common for folks who operate a cruise line to do  
23 this.

24 But the fact of the matter is, just like we  
25 have now done with implementing the Bioterrorism Act,

1 and just like we have had to do with passenger or  
2 manifests on ships of goods coming into the United  
3 States, I think we are going to have to be proactive  
4 and think ahead.

5 So in some respects, to the extent that what  
6 you have is an annual event where what you can do is  
7 approach the folks inside government about how to put  
8 together a system that provides some assurance, along  
9 with the process as you are awarding these grants or  
10 these invitations, that we are already cognizant of  
11 what is happening, I think the more we'll have to work  
12 on in advance, and then smooth the process when the day  
13 comes where they have to apply for the visa or they  
14 have to make their entry at the port of entry.

15 MS. MUTNICK: We are part of the Department of  
16 Commerce program, the International Buyers program, so  
17 we work very closely with the Department of Commerce.  
18 But it's still not quite enough.

19 MR. ALDONAS: Yes. But you understand what  
20 I'm saying here? It's not just working with the  
21 Department of Commerce in terms of the program. What I  
22 would do in that instance, very much, is approach us,  
23 certainly, certainly the folks at Homeland Security and  
24 the folks at the State Department where you do have  
25 these sorts of things. We're more than happy to

1 facilitate this.

2 But where you do have an annual event, what I  
3 would be thinking about as the innovation there is,  
4 there is this consistency. You're going to see it  
5 every year. You know the pattern.

6 If what people do is have that pattern ahead  
7 of time, people in the government then can respond to  
8 that in a way that will facilitate things when the day  
9 comes that someone has to apply for the visa.

10 That's an event where you can take advantage  
11 of the fact that there's a regularity to the process  
12 that you don't see with the average tourist coming over  
13 on a cruise, or things like that.

14 And certainly if that is something that we  
15 need to be working on in the government to try to make  
16 sure that happens, trust me, we'll do whatever we can  
17 to be helpful.

18 The reason I say that is, I have been struck  
19 by the fact that as I've looked at the economy this  
20 past year, about how much the sorts of things that you  
21 do with these sorts of organizations drives  
22 technological change in the United States and how much  
23 of that adds to our ability to innovate and raise our  
24 standard of living through increases in productivity.

25 So, it's one of the areas that I think about

1 not just on the tourism side, but what fundamentally  
2 drives growth in the economy and will allow us, over  
3 time, to raise our standard of living.

4 It's the sort of thing you do in those  
5 conferences on the research that is most critical from  
6 the point of view of what blows through the rest of the  
7 economy. That's an area where I want to see the  
8 maximum degree of openness. It's also where I think  
9 there's a minimum amount of risk.

10 We can take advantage of the fact that you  
11 have these regular cycles, and that the community  
12 people involved in physical chemistry is a known  
13 quantity and that you're capable of looking at that  
14 ahead of time rather than having to wait until the  
15 moment comes where someone applies for the visa.

16 VOICE: We have time for one more question.

17 MS. CARPENTIRE: Hi. I'm Meagan Carpentire  
18 with the Association of Equipment Manufacturers. We  
19 have a show, actually, every three years, which makes  
20 the process a little more difficult, since obviously  
21 the visa issues were very different three years ago.  
22 Coming up, we have about 120,000 international visitors  
23 coming.

24 To some extent, our staff that deals with this  
25 is being told that it's too far ahead right now to

1 start applying for visas for March next year, which I  
2 think is maybe not the case, from one perspective.

3 I think one very concrete thing that would be  
4 helpful is to go to the embassies and the consular  
5 offices that are dealing with these applications and  
6 have on a Web site the average time it takes from  
7 application to answer, and the percentage of denials so  
8 that we know, going in advance, that the average time  
9 from China is five months, the average time from  
10 Singapore is three months, the average time from  
11 Indonesia is nine months, something like that, and the  
12 percentage of denials in those countries and what they  
13 are so we can say to people, this is the percentage of  
14 visas that get denied, this is how long the average  
15 takes.

16 Make sure you plan outside that average, even  
17 if you're just thinking about coming right now. That  
18 would be a very concrete thing that I think would be at  
19 least helpful in helping us make some of those  
20 arrangements.

21 MR. ALDONAS: It is a very good idea. One  
22 thing that I would ask -- don't let the microphone get  
23 away from her. One thing that I would ask is, in that  
24 situation, are you dealing with companies that are  
25 repeat customers? Are they coming every three years?

1 MS. CARPENTIRE: It depends. It depends on  
2 how good we are at expanding. We also go through the  
3 International Buyers program at the Department of  
4 Commerce, so every year we can --

5 MR. ALDONAS: I'm sorry. Rather than saying  
6 it depends, can you give me an idea what the percentage  
7 might be?

8 MS. CARPENTIRE: No, I really can't. It's  
9 120,000 people. It's hard for me to know in Washington  
10 with the repeat, especially nine months in advance.

11 MR. ALDONAS: No. Right. Well, the  
12 companies, though. What's the universe of companies  
13 that might be regular participants? The reason I'm  
14 probing that is, when you have a situation where  
15 companies are going to be regular participants, one of  
16 the things that I want to encourage our business  
17 community to be thinking about -- and the onus wouldn't  
18 be on you so much as the companies who are going to  
19 participate, although you could be a device for  
20 communicating to them the needs from a security  
21 standpoint of what you're going to face to have them  
22 there, as well as what we're going to face.

23 A very sound internal compliance program ought  
24 to reflect the visa requirements. That's just  
25 standard, right? It's harder for smaller companies.

1 If there are ways we can try to facilitate it for  
2 smaller companies, I'd like to get some ideas out of  
3 the business community.

4 But the truth of the matter is, with a good  
5 internal compliance program, one thing they would know  
6 in advance, it's who are the likely candidates that are  
7 going to be participating in that sort of program.

8 One of the things I think we increasingly need  
9 to do, is make sure we're operating within an  
10 environment where, as is traditionally true on the  
11 enforcement side, we do rely on the good actors in the  
12 business to reduce the risks so we can concentrate our  
13 resources on the bad actors, or the unknown quantity.

14 So to the extent what you've got every three  
15 years is a group of companies that are regular  
16 participants, their internal programs help them  
17 identify in advance who are likely to be the people,  
18 and in one sense we can start to think about how you  
19 engage in something of a pre-certification program.

20 So, for example--I'm going to take this a  
21 little out of your context, but just to make the point  
22 to the audience at large--within the framework of the  
23 immigration laws, there are some standard visas that  
24 businesses use on a regular basis that could provide a  
25 benchmark for a compliance program that would help

1 facilitate working with the folks at the Department of  
2 Homeland Security, L-1 inter-company transfers.

3 It's clear that when a company is engaged in  
4 global trade and is going to be engaging in inter-  
5 company transfers on a regular basis and that's a need  
6 within the company, or simply to make sure that their  
7 salesmen can get in abroad, we need to find a way to  
8 hook the internal compliance program with our security  
9 needs, not just the application of the visa, have you  
10 met the requirements for entry, but with the security  
11 side as well.

12 It probably has to reach as far as us giving  
13 you the information to provide to your repeat customers  
14 so they're thinking along those lines as well.

15 Increasingly, it's just like I said. I think  
16 on this area of visas, we're going to have to be  
17 thinking a step ahead, like people now have to do with  
18 airline manifests and with cargo as well.

19 To the extent that we can engage in something  
20 of a pre-clearance process to facilitate that, that's  
21 the world we have to build in. We have to build in  
22 very quickly, because I worry that what we're going to  
23 do is see the position that we have economically erode  
24 until we have this sort of facility in place.

25 So what I'd encourage you to do is think about

1     that as the day goes on and make sure that, in your own  
2     minds, you're thinking about, what do we do in business  
3     that would link up with the security needs of the  
4     Nation, and how do we try and communicate our ability  
5     to police ourselves?

6             Because in any environment, what you'll find  
7     when you're talking with security and enforcement  
8     people, they'd be happy to have resources freed up to  
9     actually focus on the bad actors and the unknown risks.

10     The more extent that we in the business community can  
11     build out a platform that they can feel comfortable  
12     with that environment, I think the better off we'll be  
13     in terms of trying to sort out these problems.

14             Thank you very, very much. I appreciate it.  
15     And thanks for your help.

16

17             MR. BAKER: Mervis Industries in Doug Baker's  
18     office. It is my pleasure to introduce our next  
19     speaker, Steve Pinkos, of the staff of the House  
20     Judiciary Committee. He will talk about the  
21     legislative basis underlying all of the issues that  
22     will be touched upon in today's conference.

23             Steve is widely recognized as an expert in  
24     this field. He first joined the committee staff in  
25     1998 following three years with Congressman James

1       Sensenbrenner.

2               Since 2001, Steve has served as the Deputy  
3       General Counsel, and then Staff Director of the House  
4       Judiciary Committee, managing the Majority staff of 50  
5       and playing a critical role in developing and executing  
6       the committee's overall legislative oversight and  
7       political agenda.

8               This includes responsibilities across a broad  
9       range of issues, including intellectual property, free  
10      trade authority and trade agreements, antitrust, and,  
11      of course, immigration law.

12              I am sure he is well known to you all, so  
13      please let's welcome Steve Pinkos. Thank you.

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**POLICY BACKGROUND**

**ORIGINS OF THE LEGISLATIVE REQUIREMENT**

By Steve Pinkos, Staff Director

House Committee on the Judiciary

MR. PINKOS: Thank you very much. It's good to be with you all this morning. Thanks to everyone with the Commerce Department for setting up this get-together and discussion of these important issues that are facing our country.

There has been, of course, much mention of Ronald Reagan already here this morning. We do face some unique issues, as has already been mentioned, regarding basically post-9/11 and trying to balance the interests between terrorism and security, and of course our economic interests.

I think the Bush administration and the folks up on Capitol Hill have been quite cognizant of that balance and are trying to address the unique challenges that really are not new, but certainly heightened post-September, 2001.

With the atmosphere on Capitol Hill right now, again, trying to address that balance from the House Judiciary Committee's perspective--I work for the Chairman, Mr. Sensenbrenner on the House side--the committee does have jurisdiction over all of the

1 immigration issues pursuant to the House rules, which  
2 reflect the powers of Congress from the constitution,  
3 not only the immigration and naturalization issues, but  
4 visa issues as well.

5 For many people in Congress, they do not draw  
6 much distinction between naturalization issues and  
7 actually immigrant visa type of issues. To them, it  
8 comes down to, how many people are we admitting to the  
9 United States, will they be affecting American jobs, et  
10 cetera.

11 But from the Judiciary Committee's  
12 perspective, as many of you know, one of the seminal  
13 pieces of legislation that was passed in the last  
14 couple of years is the Border Security Enhancement Act  
15 of 2002, which has some new requirements placed for  
16 visas and passports of people coming into the United  
17 States.

18 The committee has also, as Stewart is probably  
19 aware, who will be speaking next, I believe, and  
20 previous to that the Department of Justice, Chairman  
21 Sensenbrenner believes strongly in aggressive oversight  
22 of the agencies and the executive branch that are  
23 implementing the laws that Congress passed and the  
24 committee is looking very closely at the US-VISIT  
25 program and the Transit Without Visa program, and all

1 of the actions and activities of consular affairs  
2 offices worldwide.

3 The chairman believes it's a very important  
4 role of Congress to actually follow through on the laws  
5 that have been passed to make sure they're being  
6 implemented in an appropriate fashion.

7 He travels around the world and meets with a  
8 lot of the consular officers. He meets with 20 of his  
9 businesses back in Wisconsin, business constituents as  
10 well as individual constituents who have immigration-  
11 related issues. So, he is well-versed in these issues,  
12 as some of you probably have recognized by attending  
13 various events around town.

14 But I'll try to be relatively brief here now  
15 so you all can maybe ask some questions about things  
16 that are pending. But I think most immediately what is  
17 pending before the Congress is a bill to extend the  
18 requirement, for at least the waiver countries, to have  
19 biometric identifiers on their travel documents.

20 The House is scheduled to take up legislation  
21 next Monday, which would extend that requirement out  
22 for one more year, to October 26, 2005, to give the  
23 participants in the Visa Waiver Program another year to  
24 put into place those requirements.

25 It is my best guess that that bill will pass

1 on the House floor this coming Monday. Of course, it  
2 will be over to the Senate. The chairman, and I think  
3 most of the members of the House, recognize that this  
4 bill is important to provide the travel and tourism  
5 industry with some degree of certainty that these  
6 foreign countries have some certainty and the folks can  
7 make their plans for conventions and such.

8 The chairman will be urging the Senate to take  
9 up that legislation very quickly. Some folks have  
10 talked about a two-year extension. Some people,  
11 frankly, do not think there should be any extension  
12 whatsoever.

13 But the chairman believes strongly in the one-  
14 year extension, or actually believes that should be the  
15 path of least resistance as well in the Senate, and  
16 once the bill clears the House, he is encouraging all  
17 efforts on the Senate to quickly take that up so that,  
18 again, there is not this question mark hanging over the  
19 industries throughout the rest of the summer and into  
20 the fall. It's something that could actually, if  
21 considered expeditiously in the Senate, be on President  
22 Bush's desk by the 4th of July recess.

23 Of course, there are many other visa  
24 categories that are issue now. For H1-Bs, of course,  
25 the cap has already been hit for the year. The H2-B

1 visas, the cap has been hit for 2004 already.

2 There are various proposals to deal with that.

3 The observation from the House side, and I think  
4 Chairman Sensenbrenner right now, is that the most  
5 active consideration of raising those caps is taking  
6 place in the Senate right now. As a general  
7 observation, the House is probably much more likely to  
8 consider new legislation if it actually comes over from  
9 the Senate first.

10 The reason I make that observation is, just  
11 with the Judiciary Committee, the committee that I work  
12 for, there are least 25 bills that have passed this  
13 particular Congress that are sitting in the Senate that  
14 have not even been addressed yet.

15 So, some members of the House think it's  
16 rather futile to add to that list because it would just  
17 be, as I have heard some members say before, sort of  
18 stuck in the graveyard or the embalming parlor, or  
19 whatever sort of analogy someone wants to use, over  
20 there in the Senate.

21 But, conversely, though, if something comes  
22 over, then the House is much more apt to act, knowing  
23 that if the House takes action it will be on the way to  
24 the President.

25 The politics are a little more difficult in

1 the House. I mentioned H1-B, H2-Bs, L visas, P visas,  
2 O visas. All of those different types of visas are  
3 being talked about right now, specifically with the  
4 summer coming up on H-2 visas. People are concerned  
5 about theme parks, major league baseball is concerned  
6 about not being able to fill up some of their lower  
7 minor leagues.

8 So they're all issues that are sort of on  
9 Congress' radar screen, but at this point there is no,  
10 except with the biometric identifier legislation, real  
11 critical mass to push either of those over the edge.  
12 I'd be more than happy to take questions on those in a  
13 moment and address any specific ideas or thoughts that  
14 you all have.

15 There really is a political tension, though,  
16 and it's more pronounced in the House of  
17 Representatives, on immigration issues. As I said at  
18 the beginning, this extends even to visa issues.

19 There are some people that would along with  
20 just about anything, and there are people on the other  
21 side of the spectrum that feel like not only our  
22 naturalization policy, but our visa and immigration  
23 policy, is quite generous already, and there's people  
24 in the middle. That's just within the Republican  
25 party.

1           I mean, there's still issues on the Democratic  
2 side of the aisle as well, and Republicans share some  
3 of these concerns, whether it's job issues --  
4 thankfully, due in no small part to the work of  
5 President Bush and this administration, the economy has  
6 been picking up.

7           When the economy is doing very well, it is  
8 easier to consider changes to our Nation's visa policy,  
9 as was evidenced several years ago during the high-tech  
10 boom and the H1-V visa category was hiked dramatically.

11          That was easier to do in strong economic  
12 times. So, as things continue to improve economically  
13 in the United States, the environment will improve for  
14 consideration of visa legislation.

15          But Congress is also concerned, and Stewart,  
16 again, will probably speak to this, as his department  
17 is getting the inquiries from the Hill as well, and  
18 Chairman Sensenbrenner has always been very concerned  
19 about the manner in which visa processing occurs,  
20 immigration backlogs, et cetera.

21          Really, I think that everybody expects  
22 improvement over the next year, both in visa  
23 adjudications and watch list checks, et cetera. It's  
24 just a matter of taking time for the new policies in  
25 the new Department to mesh.

1           I think great progress is being made. There's  
2 a lot of attention being paid to it in the  
3 administration. We know that because of the oversight  
4 conducted from the Hill and the tough questions that  
5 they've had to answer, and look optimistic about  
6 improvement in that area next year.

7           Again, still, legislative action this year  
8 will be difficult, but not impossible. There are  
9 various mechanisms by which things could be considered.

10          It's a relatively short year. It will be compressed,  
11 especially after the conventions. Everybody is anxious  
12 about the campaigns.

13          But sometimes in those compressed periods are  
14 when there is quite a bit of legislative deal-making,  
15 so you never know what could happen after the beginning  
16 of September.

17          There are some concerns, if we discuss L visas  
18 and H1-Vs, about fraud. I think any legislation that  
19 will come forth will probably address that issue.

20          If you just look at what is coming out with L  
21 visa legislation, I think from your industry's  
22 perspective it's not particularly good. There are  
23 people that would like to set limits on L visas. There  
24 are people that are afraid that the specialized  
25 knowledge aspect of it is being abused. Some companies

1 are using it as a way to sort of act as a recruiting  
2 agency for other companies.

3 So, Congress is cognizant of those, and those  
4 hurdles will have to be addressed at the very least  
5 when and if that legislation comes before Congress.

6 I know I can't speak authoritatively about  
7 what the Senate is up to, but I know that Subcommittee  
8 Chairman Chambliss, Chairman Hatch and Ranking Member  
9 Kennedy are working and have had discussions on H2-B  
10 visas. I'm not sure where they'll go.

11 Congressmen Goodlatte and Delahunt have bills  
12 in the House, but, again, there's no critical mass at  
13 this point to consider that legislation.

14 Finally, as you all look forward to the future  
15 and you consider the various visa categories, I think  
16 it is worth some thought and discussion whether  
17 comprehensive reform is necessary, considering the  
18 changing dynamics in international trade and the  
19 increasing number of trade agreements with the United  
20 States, free trade agreements the United States is  
21 entering into, it might be worth some thought whether  
22 the sort of patchwork-type system we have is the best.

23 That's a heavy lift legislatively and will  
24 require a lot of education of members. Surely it's  
25 something that probably can occur this year. But going

1     into the future, your all's input is very helpful. I  
2     know the staff of our committee has talked to people  
3     about exactly where the problems lie and the best way  
4     to address it.

5             My only advice, really, at this point for when  
6     you speak to members of Congress, your trade  
7     associations and companies do, that you help outline a  
8     very clear idea of what the problems are, using  
9     specifics, and how the current system has either  
10    hindered, or hopefully in some situations helped, the  
11    business that you're conducting.

12            At this point, I guess I'd just like to open  
13    it up to any questions from you all. I'll do my best  
14    to provide a perspective from Capitol Hill and respond  
15    to anything you have.

16            MR. BRAHS: Steve, good morning. Thanks very  
17    much for joining us. Stuart Brahs of the Principal  
18    Financial Group. Just to follow up on some separate  
19    conversations we've had in the past.

20            As you know, at least from the services  
21    sector--and I'm sure others, manufacturing and so on--  
22    one of the real hassles that we confront is the problem  
23    of bringing in both company employees, as well as  
24    business partners, for training, for getting our joint  
25    ventures off on a good setting, and so on.

1           So I'd like to pick up on your final point,  
2     and would encourage you, the chairman, and the  
3     committee to take a look at an idea that's been  
4     floating around this town for some time, to set up an  
5     expedited visa processing system for those people who  
6     are employed by Fortune 500 companies or other  
7     organizations that has some status, that we, the  
8     companies, would bear the responsibility. Under the  
9     current INA, we can't post a bond. But if a bond could  
10    be considered, we would recommend that.

11           Certainly we will help sell this to your  
12    committee and on the Hill, because it seems to fly in  
13    the face of all the good work being done by USTR and  
14    Commerce to negotiate a number of trade agreements and  
15    trying to follow up on those trade agreements if we  
16    can't bring together our joint venture partners and  
17    bring them to the States so that they can see how we  
18    operate and integrate into our systems. It sort of  
19    undermines the whole objective.

20           So, anything we can do to assist you, the  
21    chairman, and the committee and those on the opposite  
22    side, we're more than happy to do that. Thanks.

23           MR. PINKOS: That's very much appreciated, and  
24    I think will be necessary to carry forth on what you've  
25    just discussed, which on its face seems to have very

1 strong merit.

2 Political realities influence the ability to  
3 achieve that, but I do think that the more education of  
4 members, particularly members that are of the committee  
5 of jurisdiction, they start working the process. They  
6 start raising it with staff, with their colleagues, and  
7 with the chairman. And like any piece of legislation,  
8 suddenly it seems very important to consider.

9 But I do think there are ideas floating  
10 around--my personal opinion--that have merit,  
11 considering the fact of the increased number of FTAs.  
12 With that, there's going to have to be some way to  
13 facilitate expeditiously the availability of employees  
14 from other countries to come into the United States.  
15 It's an issue that hopefully will continue to be  
16 pressed by you all so members of Congress are cognizant  
17 of it.

18 MR. COSADUNO: I'm Telo Cosaduno from John  
19 Min. I don't know if you're aware, we have a pretty  
20 big delegation from Europe here.

21 I personally must say--maybe I'm the only  
22 one--I don't know what H2, LP, whatever visa is. I  
23 have no idea. I think this whole issue here shows that  
24 you're far away from the realistic situation in Europe,  
25 for the Europeans traveling to America, and their

1 opinion about that.

2 Right now, we, as the Visit USA Committee in  
3 Germany--and I think it's the same for Italy and the  
4 U.K.--see a big problem, that there is huge confusion.

5 I must say, after this first hour here, the confusion  
6 is not gone so far.

7 We don't know in Europe--and we have pointed  
8 this out for months--what is happening in September,  
9 October, and the months to follow with people who want  
10 to travel to the United States. Communication is  
11 chaotic. This is our big concern here.

12 The international delegation we have here  
13 today needs to go back tonight with a clear message  
14 what the situation will be after September for whatever  
15 kind of visa, L2, AOP, or XYZ, whether people have to  
16 give fingerprints, if people do not have to get  
17 fingerprints, whether pictures or taken or not taken.

18 It is not a problem that you come up with  
19 certain steps. It is a problem of communication.  
20 Uncertainty is the big concern in Europe right now.  
21 This is what we have to do. We have to go back.

22 This is the reason we came over here for one  
23 day with an international delegation, to get clear  
24 positions and statements, what is going to happen after  
25 September and October. Because what you do right now,

1     you destroy the tourism business in Europe.

2             I tell you my own experience. I came over  
3     yesterday and I read an article in a German newspaper  
4     of how unpredictable it can be right now to enter the  
5     United States.

6             I came and I'm traveling to the United States  
7     five or six times a year. I was in the plane and I  
8     thought, am I on the right way? Maybe I do something  
9     wrong at the border and they put me into jail one night  
10    and send me back.

11            You know, I know it's not realistic, but on  
12    the other hand, this is how people feel who travel for  
13    the first time to the United States. We have a lot of  
14    first-time travelers. We do advertising. We do  
15    promotions for the first-time traveler to come here.

16            One other thing. I came in yesterday into  
17    Washington. It's exactly one week ago that I traveled  
18    to New Zealand and to Australia. If you enter New  
19    Zealand and Australia, you feel welcomed by the people  
20    who are at the counter. Here, if you get to this  
21    officer, the only reason he was smiling and he was  
22    joking with me was because I told him why I'm here.

23

24            MR. COSADUNO: Because he thought, that's a  
25    very good idea, to address this point. But I saw other

1 people before and he was bored, he sent them back  
2 because something was wrong on their visa paper  
3 application. I think this is something we really have  
4 to address.

5  
6 MR. PINKOS: I don't think anybody would  
7 disagree with that. I think the United States is  
8 coming to grips with some changed times and some  
9 changed realities, and there are new requirements that  
10 are being put into place.

11 Hopefully, the best efforts will be made to  
12 communicate that as well as possible through our  
13 embassies abroad, through a simple Web site through the  
14 Department of Homeland Security or Department of State.

15 Unfortunately, some things are still in flux. As I  
16 mentioned, there is legislation that the House is going  
17 to take up next Monday.

18 The United States is in a unique situation  
19 that most countries around the world have not faced.  
20 Three thousand innocent Americans were ruthlessly  
21 slaughtered less than three years ago by some people  
22 that were able to exploit weaknesses in our border  
23 security policy.

24 There have been Belgian passports, blank ones,  
25 found in the caves of Afghanistan. There have been

1 thousands of French passports stolen recently in the  
2 last year. That is of concern, considering how the  
3 circumstances of 9/11 came about.

4 There are no perfect answers. America, as  
5 Grant mentioned, does not want to close the borders and  
6 put up a big wall and isolate itself from the world.  
7 It will never do that.

8 I guess it's not necessarily my bailiwick to  
9 urge this or my authority as a staffer on Capitol Hill,  
10 but I think members would urge some degree of patience.

11 I know there has been, because this has been going on  
12 for a couple of years.

13 Stewart will speak, again. There is a huge  
14 new agency in the United States that's trying to  
15 accomplish a Herculean task of bringing together  
16 various departments of the government in a more  
17 coordinated, efficient fashion.

18 I think what happens when you do that, is in  
19 the near term there are some inefficiencies, but the  
20 people there are extraordinarily dedicated to America's  
21 security, but also continuing to foster an environment  
22 where America can be open to people from around the  
23 world and international trade. They're working  
24 extraordinarily long hours.

25 What people are putting in, the time in this

1 transition, is almost unsustainable in order to try to  
2 meet the requirements that Congress puts upon them and  
3 meet the desires and address the concerns of the  
4 American people.

5 Again, your concerns are very well taken, I  
6 think, by everyone that works for the U.S. Government.

7 Communication is a key, especially in this age where  
8 it's not that difficult to communicate even as it was  
9 20 years ago. Most people that are international  
10 travelers also have Internet access, et cetera.

11 So, that is a point well taken. I think you  
12 can rest assured that the U.S. Government is going to  
13 try to implement this and make this as smooth as  
14 possible, while taking into consideration the security  
15 concerns.

16 VOICE: We have time for one more question.

17 MS. KAREN: Hi. My name is Donna Karen. I'm  
18 with NYC & Company, which is New York City's tourism  
19 promotion organization.

20 I really wanted to thank my colleague for his  
21 comment, but bring it back to the topic that we were  
22 talking about beginning in the morning, which is the  
23 balance between your concerns from a judicial and visa  
24 perspective and the business concerns.

25 Travel and tourism is a business and my job is

1 numbers. In New York City, I deal with these numbers  
2 every day. It may be shocking to you and to members of  
3 this room when I say travel and tourism is New York  
4 City's third largest private sector employer.

5 International travel is 15 percent of our  
6 market and 40 percent of our spending. If even 1 in 10  
7 visa waiver travelers says, this is too much trouble,  
8 or I'm not welcome, or I don't get a visa to visit the  
9 U.S. or visit New York, I'm talking about losing some  
10 portion of that 40 percent of the jobs that are  
11 supposed by these travelers. That is critical to this  
12 country's economy.

13 It is that balance. It is not in the  
14 distance. It is not far away. It's every time a  
15 German, an Italian, a British, a Spanish visitor  
16 chooses not to come here, a job in my city goes away.  
17 That's tax dollars that are not being paid.

18 We communicate this every day. Our lobbyists  
19 communicate it. He said it more beautifully than even  
20 I could. But as this legislation comes to the front  
21 next week, it's about jobs here. It's not about other  
22 things. If we chase those jobs away, where are they  
23 going to be? So, my job is numbers, but I'm very  
24 impassioned about those numbers. So, thank you.

25

1           MR. PINKOS: The points, again, are certainly  
2 well taken. I don't think that that viewpoint is not  
3 being expressed or heard. Just watch the debate on  
4 Monday, I think. Members will be discussing that very  
5 issue and the fact that the industries need certainty,  
6 that they are important sources of jobs for the United  
7 States.

8           I can't speak, obviously, for every member of  
9 Congress, but Chairman Sensenbrenner is cognizant of  
10 that, and other members are. It's very difficult times  
11 for policymakers. It's difficult for the President of  
12 the United States, who wakes up every morning and gets  
13 a briefing about who's trying to make 9/11 times 10.  
14 That's a heavy, heavy burden.

15           At the same time, he's trying to promote  
16 policies that grow the American economy. It's a tough  
17 balance in Congress--I don't think it's mere rhetoric--  
18 trying to get it right.

19           I'm sure you've talked to your members,  
20 there's constituents around the country that are  
21 expressing the same views, and I don't think they're  
22 going unheard or ignored whatsoever on Capitol Hill.

23           But obviously more work needs to be done.  
24 Kinks need to be worked out. Communication needs to be  
25 made. I think the people here in Washington hear that

1 message and are working towards those aims.

2 Thank you all very much. I appreciate it.

3

4 MS. MORANO: Hi. Thank you very much, Steve.

5 You had to field a lot of questions and it was helpful  
6 to have it from a legislative point of view.

7 My name is Helen Marano. I'm the Director of  
8 the Office of Travel and Tourism Industries here in the  
9 Department of Commerce, working with Doug Baker.

10 I'm supposed to, first, do a couple of  
11 housekeeping announcements for you.

12 One, is that we're going to bypass the break  
13 in the interest of maintaining some form of schedule.  
14 So if you need to use the facilities or get a cup of  
15 coffee, do so at your own risk, I guess that would be.

16

17 MS. MORANO: Second, if you would help us in  
18 keeping the timeliness of the conference as best we can  
19 with your questions being a little bit shorter and/or  
20 comments being more pointed to the facts as opposed to  
21 going too long so we can accommodate as many as  
22 possible.

23 Now, I know that Mr. Verdery has an  
24 appointment soon after he speaks, so he does want to  
25 give enough time -- I guess I'm supposed to hurry up.

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MS. MORANO: Give enough time for questions. So, he also has asked me to be brief. His bio is in your packet. You will see that basically it's an honor to introduce him because I have worked with him personally on a task force, but he is Assistant Secretary for Border Transportation Security, BTS, for Policy and Planning.

What does that mean? My gosh, he is the one for everything. That's just all you need to know. He is omnipresent. He advocates. He does the policy on visa. He does the US-VISIT program. He serves on the Hill for testimony. I mean, I haven't figured out when the man sleeps, although maybe he doesn't. He might be like Einstein and takes one of those catnaps.

So I think in that respect it's very honorable for us to have him here to be able to set the framework for this conference now, as we have heard from both Mr. Aldonas, Mr. Baker, and certainly Mr. Pinkos.

He will bring to bear some of the forward thinking that is going on at the Department of Homeland Security and the sort of interactive, interagency activities that are going on to benefit you with those communications.

So he is a leader, certainly, but most of all

1 he is just a good man to work with, and I have to say  
2 to laugh with, because he definitely has a sense of  
3 humor. So, see if you can pull that out of him. Thank  
4 you.

5 Mr. Verdery?  
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**FRAMING THE ENVIRONMENT:**

**MILESTONES NOW AND IN THE FUTURE**

By Stewart Verdery

Assistant Secretary for Border Transportation Security

U.S. Department of Homeland Security

MR. VERDERY: Helen, thanks for the  
introduction.

I was actually just watching the third  
"Matrix" movie on DVD the other day. I think Neo was  
the one, right? That's a tough act to follow.

I'm not sure how much humor there will be in  
my remarks today, but perhaps a little bit. But this  
is serious business we're talking about. The effect  
that some of our security policies are having on the  
tourism business, on the travel business, on our  
international relations, it's hard to think of  
something more important than that.

So I'm going to try to keep my comments  
relatively brief so we can take some questions before  
I've got to run off to a videoconference with the  
Europeans on one of our favorite issues that I'm going  
to mention here in a second.

But I very much appreciate the opportunity to  
be here today with so many of our good partners. It's  
not only government officials like Mr. Aldonas, Mr.

1 Baker, and Steve Pinkos from the Hill, but many of you  
2 in the audience who have been such good partners with  
3 us as we have come up with the security and  
4 facilitation measures that are responding not only to  
5 the increased security threat, but also maintaining, or  
6 in some cases improving, the climate for international  
7 travel.

8 Now, I'd be remiss if I didn't mention at  
9 least in passing the passing of President Reagan, and  
10 with everybody from President Bush to your top pundits  
11 on the tube trying to come up with pithy remarks to  
12 remember our former leader, I'm not even going to  
13 bother trying to come up with something that's going to  
14 be memorable.

15 But it is clear to me that his vision of  
16 America, his vision of a secure world plays right into  
17 what we're talking about here today, allowing people to  
18 travel freely, allowing the economy to flourish. These  
19 are things obviously that were on his agenda, and they  
20 remain on our agenda today.

21 In that somewhat sad vein, I also wanted just  
22 to point out, we are all very saddened to hear this  
23 week of the death of the brother of Deputy Assistant  
24 Secretary for Visa Services Janice Jacobs at the State  
25 Department in Saudi Arabia earlier this week.

1           I know Janice was supposed to be on the  
2 program later today, and I do not believe she will be  
3 here. She's been at the forefront as part of our team  
4 to protect our country and our economy, and we of  
5 course pass along our prayers at this difficult time to  
6 her and her family.

7           Janice and I, along with many others you will  
8 hear from today, have been working closely on the  
9 topics that are in play. I think that's the title,  
10 "The Current State of Play."

11           Everything I'm about to tell you is in play.  
12 We are, in many ways, I'd like to think, about half-way  
13 through the revolutionary changes that are necessary  
14 and possible in how we decide how a prospective  
15 traveler is admitted to this country and how he or she  
16 should be screened and vetted along the way.

17           If you think about the places where a would-be  
18 traveler interacts with our government, almost every  
19 single one of them has changed since 2001. We're  
20 talking about the visa process, we're talking about  
21 international flights, we're talking about ports of  
22 entry, we're talking about a departure.

23           All of these things have changed in less than  
24 three years, and man more changes are in store. Our  
25 investments in better and more comprehensive watch

1 lists, better data sharing, and advanced technology are  
2 making it much more likely that we are going to be able  
3 to identify a terrorist or a criminal. As these  
4 capabilities improve, the need for more dragnet, or  
5 kind of omnibus programs should, and will, subside.

6 I'm going to take just a few minutes to talk  
7 about visa policy, the visa waiver program,  
8 international aviation, and US-VISIT in just a minute.

9 But, again, just for a second, I'll go over my role.

10 I run the BTS Policy Office, advising Under  
11 Secretary Hutchinson and Secretary Ridge on everything  
12 from immigration, visas, cargo and international  
13 commerce, international trade, transportation security,  
14 drugs, and a few other things.

15 These are all things that are implemented on  
16 an operational level by Customs and Border Protection,  
17 the Transportation Security Administration, US-VISIT,  
18 and the other BTS agencies.

19 I can tell you that right now no issues are  
20 more in play than the question of facilitating  
21 legitimate international travelers. The United States  
22 is proud to be a country with open doors. There is an  
23 overwhelming number of visitors who tend to come to the  
24 United States and tend to come to vacation, study,  
25 conduct business or research in the United States, and

1       then return home.

2               We have to facilitate the ability of these  
3       persons to enter the U.S. to enrich our society, to  
4       improve our economic competitiveness, and to spread our  
5       democratic traditions.

6               There is the old Yogi Berra line about one of  
7       his favorite restaurants, that nobody goes there any  
8       more because it's too crowded. That kind of word-of-  
9       mouth from the Yogis of the world to prospective  
10      students, scientists, tourists, or business partners  
11      telling them no when they want to come here, whether  
12      it's a particular visa application that's been denied  
13      or because they just think it's too hard to get here  
14      and don't even bother to try, would have a devastating  
15      effect on our economy in the short run and in our  
16      foreign and homeland security affairs in the medium and  
17      long term.

18              Having come directly from a company that owns  
19      a few theme parks, I understand the impact that  
20      government policy can have on the travel business.

21              So what are we doing? I've entitled my  
22      remarks--this seemed like a good idea at 2:00 in the  
23      morning when I wrote this down last night. I'm not  
24      sure--"How Do We Find a Terrorist Needle and Facilitate  
25      the Traveler Hay?" All right. We won't use that one

1 again.

2

3 MR. VERDERY: Nonetheless, we are doing quite  
4 a bit, and I'm going to go through a couple of things.

5 First, visa policy. As you know, the  
6 administration has made a number of significant changes  
7 to visa process and entry screening requirements since  
8 9/11 to provide better security in light of the revised  
9 threat over national security.

10 New regulations were issued last year that  
11 limit waivers of personal appearance for non-immigrant  
12 visa applications to just a few circumstances, such as  
13 diplomats. This, of course, is where we collect the  
14 biometric information that we need to operate US-VISIT.

15 In coordination with the State Department and  
16 the Justice Department, we have put in place a number  
17 of interagency security checks for certain groups of  
18 visa applicants from certain places, and I'll talk  
19 about those a little more in a minute.

20 Under the Homeland Security Act, our  
21 Department has assumed lead responsibility for  
22 establishing visa policy and begun stationing employees  
23 in sensitive areas to assist consular officers in their  
24 duties.

25 Subject to certain important exceptions, DHS

1 can establish visa policy and has the final authority  
2 over the State Department-initiated visa guidance  
3 concerning--and I've got to read this--alien  
4 inadmissibility, classification and documentation,  
5 place of visa application, personal appearances at  
6 interviews, visa validity periods, and the visa waiver  
7 program.

8           Within DHS, visa policy is generally developed  
9 by my office within BTS or Office of Policy and  
10 Planning, and by the U.S. Citizenship and Immigration  
11 Services' Office of Policy and Strategy.

12           BTS focuses on the security reviews necessary  
13 for all travelers, while USCIS is responsible for  
14 reviewing visa applications required to prove their  
15 eligibility for certain visa categories.

16           Over the past couple of months, my staff and I  
17 have conducted, along with CIS, a comprehensive review  
18 of the existing immigration laws, regulations, and  
19 policies that predated the creation of our Department  
20 to ensure that our immigration goals, policies and laws  
21 are properly aligned in relation to visa policy and  
22 visa issuance.

23           We have called on some of our best staff in  
24 the US-VISIT office, CVP, from ICE, from the  
25 interagency process, to bring our best thoughts to the

1 table on how to aggressively effectuate change in this  
2 area.

3 Senior DHS leadership, everybody from the  
4 Secretary on down, has been meeting with numerous  
5 private sector groups and educational concerns to  
6 discuss their concerns and talk about policies that  
7 have an impact on business travel, international  
8 students, and scientific research.

9 I'm going to gloss over the statistics which  
10 have already been brought up in turn, but we recognize  
11 the seriousness of these issues.

12 We have listened, and over the next few months  
13 DHS is going to be working quite closely with the White  
14 House and our interagency partners to implement changes  
15 to programs like Visa Mantis and Visa Condor, which are  
16 causing unnecessary travel delays, while looking at new  
17 ways to facilitate travel through the use of biometrics  
18 and other advanced technology.

19 We're going to build upon the US-VISIT system  
20 to create a seamless process that will not only  
21 facilitate travel, but ensure the integrity of our  
22 immigration systems.

23 We are taking a fresh look at old doctrines  
24 like reciprocity and the customer service aspects of  
25 visa issuance, and we're going to try to bring to bear

1 a new degree of transparency to those who need to apply  
2 for a visa and how that's being processed. This is a  
3 comprehensive review and will bear fruit in the near  
4 future, but I will leave that for now.

5 The visa waiver program, discussed earlier by  
6 some of our speakers, is a vital program facilitating  
7 international travel to the U.S. It was established in  
8 1988 under a pilot program and applies to people who  
9 are coming for less than 90 days for business or  
10 pleasure.

11 I think last year we were looking at about  
12 13.5 million visitors traveling under the visa waiver  
13 program. That's about 46 percent of people coming to  
14 the U.S.

15 Now, we've always had concerns about security  
16 vulnerabilities for visa-free travel. This is  
17 especially true now that our visa process is so much  
18 better or so much more secure.

19 The legislation and subsequent amendments,  
20 though, have things in place to provide security for  
21 the visa waiver program. Applicants have to have a  
22 machine-readable passport.

23 At some point they'll have to have a  
24 biometrically enhanced passport. I'll talk about that  
25 in a second. The countries themselves are reviewed

1 every two years to assure that they're meeting  
2 statutory requirement or statutory criteria for the  
3 program, and we're working to have those country  
4 reviews done throughout the rest of this year.

5 We had a very unfortunately report from our  
6 Inspector General a few weeks ago talking about how  
7 these reviews were not happening. Indeed, they are  
8 happening. We have people actually in those countries  
9 as we speak doing these country reviews. I can assure  
10 you, these are not going to be a cursory process.

11 We are going to be asking very tough questions  
12 about each country's eligibility and compliance with  
13 the statutory criteria, and some of those important  
14 ones are a low non-immigrant visa refusal rate, a low  
15 immigration violation rate, i.e., overstays, the fact  
16 they have the machine-readable passport program in  
17 place, and an assessment of how that country is  
18 cooperating with our law enforcement and anti-terrorism  
19 investigations and other concerns, as well as, perhaps  
20 most importantly, their compliance with the requirement  
21 that lost and stolen passports are reported to us so  
22 that we can put those into our lookout systems.

23 A very important aspect of visa waiver, as was  
24 mentioned, was the biometric deadline. Steve talked  
25 about it in his remarks a little bit and I won't get

1     into it in great depth, except that the Department does  
2     believe that this deadline has to be extended. The  
3     countries are not going to be able to make it, through  
4     no fault of their own, as there are technical  
5     challenges. It is not a question of will.

6             The disruption would be intense were this  
7     deadline not to be moved, and in some ways I'm not sure  
8     who has the worst of it, whether it's the foreign  
9     travelers who then have to get a visa, or us, because  
10    we have to put people overseas to try to handle the  
11    visa workload and the economic impact would be quite  
12    devastating.

13            Secretary Ridge testified before the House  
14    Judiciary Committee last month and before the Senate  
15    Judiciary Committee yesterday about these issues, and  
16    again, the Department and the administration in general  
17    remain quite committed to trying to have this deadline  
18    moved.

19            We're going to continue working with the  
20    Congress on this and we're very appreciative of  
21    Chairman Sensenbrenner's willingness to move this  
22    legislation quickly.

23            We need to continue the ability of visa waiver  
24    nationals to travel to the United States visa-free. At  
25    the same time, we're going to plug the security hole

1     for visa waiver travelers by enrolling them in US-  
2     VISIT, starting at about approximately 120 days.

3             Now, for passengers arriving by air or sea,  
4     we're working quite closely with our partners on  
5     approving standards for travel documents, aviation  
6     security, and the exchange of watch list information.

7             We're trying to go to more individualized  
8     review and it's the biometric that allows us to do  
9     that. By individualizing the process through biometric  
10    collection, we can be more confident and secure about  
11    our particular admission and screening decisions.

12            To do this, we have to work quite closely with  
13    KO and other international bodies, with our partners in  
14    the G-8, on a bilateral basis with countries like the  
15    U.K. and others, and we're going to get there. We are  
16    working these issues and it takes time, but we're going  
17    to get there in terms of improving the security of  
18    travel documents.

19            Now, this is just one part of our layered  
20    approach to enhancing aviation security. There is no  
21    single bullet here. The layered approach includes the  
22    visa enhancements, appropriate use of airline passenger  
23    data, the US-VISIT system, and traditional airline  
24    security measures such as cockpit doors, or better  
25    cockpit doors, and air marshals on certain flights.

1           Now, I'm happy to report that our Department  
2           has just signed a very important agreement with the  
3           European Union a couple of weeks ago that permits the  
4           legal transfer of so-called passenger name record  
5           information data from airlines flying from the EU to  
6           the U.S.

7           I was the lead negotiator for the government  
8           on this, a long and torturous process, over a year  
9           long, to try to thread the needle between the European  
10          privacy laws and our statutes that require this  
11          information for incoming passengers.

12          I have to admit, though, when I first started  
13          at Homeland and this issue first showed up on my desk,  
14          I really just couldn't understand why the Europeans  
15          were so worried about NPR. What is all things  
16          considered saying about them? What is the problem  
17          here? Somebody quickly corrected me.

18          But I'm not going to belabor the PNR agreement  
19          in depth, except to say that this agreement is  
20          incredibly crucial for allowing us to vet passengers  
21          while planes are in the air, or before they take off,  
22          in certain circumstances.

23          Otherwise, we'd have to collect that kind of  
24          information at the port of entry, which would have a  
25          devastating impact on wait times at those ports of

1 entry.

2 It also allows us to do after-the-fact link  
3 analysis for terrorism or criminal investigations to  
4 find co-conspirators and other types of information  
5 that you only know you're looking for after the fact.

6 We're also working on the APIS system--this is  
7 the information on your passport and the machine-  
8 readable zone--to try to better improve the APIS-based  
9 system for vetting passengers, along with the PNR data  
10 that comes in.

11 We used this to great effect during the  
12 heightened threat period in December and January for  
13 the flights of interest that enabled those planes for  
14 the most part to continue to fly to the U.S., even  
15 though they were flying under a heightened threat  
16 alert, by vetting these passengers before the plane  
17 took off.

18 We'll be working on a revised APIS rule over  
19 the coming months to combine the legacy INS rules for  
20 passengers for immigration purposes and the revised  
21 Customs rules related to airliners and trying to put  
22 those together into a cohesive and comprehensive form,  
23 and we'll be working on that in the coming months.

24 I mentioned in passing US-VISIT. I know Jim  
25 Williams is on the panel directly after me, so I'm not

1 going to steal his thunder because he can speak to this  
2 better than I can. But it's fair to say that the VISIT  
3 system is the centerpiece of our broader advances in  
4 this area.

5 In many ways, VISIT is not only a system, but  
6 it's essentially a brand name. It's a system of  
7 systems, trying to collect all these various points of  
8 data collection, whether it's the students, whether  
9 it's the legal immigration side that CIS runs, whether  
10 it's the State Department data collection. Eventually  
11 we'll have the exit side of VISIT.

12 I'm going to leave this to Jim to get into the  
13 details on the deployment schedule for this year, but  
14 needless to say this is a busy year for VISIT. We just  
15 awarded the prime integrator contract last week. We  
16 are on track to meet the land border deadline at the  
17 end of this year.

18 We will expand the system to visa waiver  
19 travelers in the fall, and a host of other systematic  
20 improvements based on our improvements in the watch  
21 list sharing efforts and other matters. So, I'll leave  
22 it to Jim to kind of go into the details here, but let  
23 it be said that US-VISIT is working.

24 It is working so well, it's almost not even  
25 remarkable when we find people with it now. Again,

1     it's a signature achievement for us and we're going to  
2     make it work at the land borders later this year.

3             I hope you'll agree after this quick overview  
4     that DHS and our interagency partners are headed in the  
5     right direction in protecting our international travel  
6     system. It's going to take continued input from our  
7     business and educational leaders to make sure we get  
8     this right.

9             The consequences of getting it wrong, either  
10    because a terrorist slips through our checks or because  
11    the scientific research or business ventures that do  
12    not happen, are too great. I recognize that the sketch  
13    this morning was just a few of the issues that have  
14    been raised.

15            We've heard about inspector courtesy earlier.  
16    There's other issues that are very viable, too. They  
17    all fit together into a comprehensive package of work  
18    that we're working on at our Department with our  
19    partners at State and other places.

20            I think we're headed in the right direction.  
21    I'm proud of what we've been able to do in the first  
22    year-plus from the Department's point of view. It's  
23    clear that we have more to do, and we need your help to  
24    get it done.

25            I thank you for listening. I look forward to

1 your questions, and would be happy to take those now.  
2 Thank you.

3  
4 MR. REDFERN: Good morning. Eddie Redfern  
5 from First Choice Holidays, and also representing  
6 Chartering En Route With the U.K.

7 I had the pleasure of listening to you speak  
8 last September at the DHS conference, One Border, One  
9 Move. I'd like to make a comment on it: we're still  
10 not seeing one border, one movement.

11 For example, yesterday I went through the line  
12 on arrival at Washington and a Customs Border  
13 Protection officer checked me through, asked me my  
14 business. I said I was attending this conference.  
15 Unlike my colleague from Germany, he smiled at me. I  
16 then moved further on.

17 MR. VERDERY: That's a start.

18  
19 MR. REDFERN: I then went further on and a guy  
20 wearing a Customs uniform asked the same question. Not  
21 one border yet.

22 Another issue there. We're not getting  
23 joined-up government in the sense that, as you're  
24 aware, airlines have to supply APIS data, yet we're now  
25 required to provide extra crew data where the

1 information we provide there is already provided on the  
2 crew visas.

3 The Under Secretary this morning asked for  
4 suggestions from the industry as part of this  
5 conference today on how we can improve matters. Let's  
6 try and move forward more quickly on getting one  
7 movement through.

8 A question. We have 100 percent whole baggage  
9 screening out of most U.S. airports now. So why do  
10 passengers have to go through a random baggage search  
11 prior to check-in? If the bags are 100 percent  
12 screened after check-in, is the pre-screening  
13 necessary?

14 We work, and will continue to work, with the  
15 Department. We understand the need for these security  
16 regimes and we will continue to work with you and try  
17 and provide some solutions. I'd make those comments.

18 If I may just ask two questions. Can you be  
19 more specific whether the Department is on CAPS 2?  
20 Because that is very important for the non-scheduled  
21 carriers, in Europe, in particular.

22 And what is the progress on APIS-Plus, where  
23 we understand passengers may have to give, their first  
24 night of stay in the U.S., information that is not  
25 currently collected by the travel industry in Europe?

1 Thank you.

2 MR. VERDERY: I think I heard five questions,  
3 so I will try to keep them real quick.

4 On the One Face at the Border initiative, this  
5 is essentially a two-pronged initiative at Customs and  
6 Border Protection. Part of it is on the training side.

7 We have to cross-train the new inspectors and then go  
8 back and do training for the existing inspectors that  
9 came in from INS and CBP to give them the joint  
10 Customs, immigration, and agricultural training.

11 So, new inspectors are getting that training.

12 We're going back to get the old ones to get that  
13 cross-training done. That is essentially the heart of  
14 what is meant by One Face at the Border.

15 Of course, each airport is configured  
16 differently. In some places you have half of the  
17 process on one floor and half on the other, because  
18 that's the way they were built.

19 So, we will have to transition that into a  
20 single unified check-in point over time as airport  
21 configurations are designed. It's an airport-by-  
22 airport problem. I'm not sure where you came in  
23 yesterday, but that's the problem we have, different  
24 configurations and different points along the way where  
25 reviews can be done.

1           On the crew data and the APIS-Plus, I  
2 mentioned the regulations that are under way. There is  
3 obviously an existing APIS regulation that's in place  
4 right now, an interim final.

5           We're working on a finalized version of that  
6 regulation that will hopefully clean up some of the  
7 duplicative nature of some of these requirements that  
8 have come down the pike from old Customs, old INS, and  
9 TSA to try to clean those up into one version. So, I  
10 think we hear your concern there and I think we can  
11 address that one.

12           CAPS 2. We are continuing to work CAPS 2 to  
13 make sure we have the appropriate privacy protections  
14 in place. We have now gotten past one stumbling block  
15 which was the EU issue.

16           The agreement I mentioned for Customs and  
17 Border Protection allows us to use that data for  
18 testing of CAPS 2, which is an essential part of the  
19 program to make sure we can vet the international  
20 flights appropriately.

21           So, we are going to take the lessons learned  
22 under that agreement, and with what we're doing at  
23 Customs and Border Protection for international flights  
24 now, apply that to CAPS 2, get the privacy protections  
25 in place, and I wouldn't want to give you a time

1 certain of when we're going to roll out operations, but  
2 it won't be until after appropriate testing.

3 The last one on baggage screening, I'm not  
4 sure I quite caught the question, but perhaps we can  
5 catch up afterwards.

6 Next?

7 VOICE: Mr. Verdery, following up on the CAPS  
8 2 question, you mentioned -- or I should say the  
9 chairman of the House Transportation Aviation  
10 Subcommittee met with Secretary Ridge recently, and  
11 afterwards said that CAPS 2 was either dead, or that  
12 there would be major changes. I was wondering if you  
13 could give us a preview of what's coming with that.

14 MR. VERDERY: Where is this question coming  
15 from? I can't for the life of me find it. There we  
16 go.

17 I wouldn't want to comment on a private  
18 meeting that the Secretary had with the members of  
19 Congress.

20 All I can say about CAPS, is basically what  
21 I've said. We are continuing to make sure we have the  
22 highest level of privacy protections in place, but also  
23 the system has been around as a concept for quite a  
24 while.

25 In the meantime, we have learned quite a bit

1 on what is going on in the vetting of passengers coming  
2 in internationally. We're going to take those lessons  
3 learned, especially the ones during the heightened  
4 threat period where we were really trying to crunch  
5 manifests quickly to allow flights to take off.

6 We've learned a lot. We also have stood up in  
7 the Department and understand that we need to  
8 rationalize operations at our various bureaus to make  
9 sure we don't have duplicative efforts going on.

10 So, I couldn't commend on that conversation,  
11 but I can just tell you, we're continuing to work on  
12 it. We think we need a better domestic screening  
13 program than we have now, and we're going to continue  
14 to work on that.

15 MS. MORANO: We have time for two more  
16 questions.

17 MR. ANDERSON: My name is Richard Anderson. I  
18 represent the U.S. Council for International  
19 Engineering Practice. It is somewhat of a contrary  
20 view to many of what I have heard this morning. We're  
21 concerned with fraudulent credentials of engineering  
22 professionals that are entering the country.

23 Our experience shows that up to 50 percent of  
24 these credentials may be false or are unable to be  
25 verified in some manner. We believe this is a problem,

1 especially with the TN and H1-V visas. We would like  
2 to know who we can talk to in your Department that we  
3 can present this data to and show them our concerns.

4 MR. VERDERY: You can talk to me. I think in  
5 my bio it probably has the contact information. But if  
6 you talk to me or somebody on my staff, we'd be the  
7 appropriate people. I'd be very interested in hearing  
8 about the concerns you have, because that obviously  
9 would be disturbing.

10 MR. ANDERSON: Okay. Thank you.

11 MR. VERDERY: I've actually got a couple of  
12 more minutes, whatever works for you guys.

13 VOICE: Thank you for addressing us today.  
14 I'm from the health care community, and that's one  
15 thing in your remarks that I have not heard addressed  
16 at all. But the real point I want to make is, you've  
17 been talking about visa waiver countries predominantly  
18 today.

19 Could you imagine what the situation is in a  
20 non-visa waiver country? That's what I'd like you to  
21 focus on a little bit now.

22 The areas of the world that we deal with  
23 primarily are not Europe, although some of us may have  
24 a large patient base from there. They're more from  
25 Latin America, Asia, the Middle East, the Caribbean.

1 People coming from those areas face different kinds of  
2 problems and issues.

3 One thing that we find, is patients coming  
4 back for treatment a second time have just as much  
5 difficulty, even though they've already had a visa to  
6 come to this country and are going through this  
7 process. We have escorts who can't get visas. We have  
8 researchers who can't get here from that part of the  
9 world.

10 We have students who want to go to our medical  
11 schools that can't get there, residents that can't get  
12 here. So, a host of different kinds of problems. If  
13 you could just spend two minutes in addressing some of  
14 the non-European issues.

15 MR. VERDERY: Sure. I mentioned it briefly.  
16 I mean, some of the programs that are in place now are  
17 having impacts on non-European, non-visa waiver  
18 countries that we need to work on, and that includes  
19 the Mantis program, which is catching a lot of  
20 scientists and students who are into scientific fields  
21 into the interagency security that can take quite a  
22 while.

23 The NCIRS program, which requires registration  
24 at ports of entry both in and out for certain high-risk  
25 countries, the Condor program which has the SA overview

1 in Washington, all these things are delaying  
2 applicants. As the Secretary has said, we are looking  
3 at "adjusting the adjustments," I think is his quote.  
4 We're going to try to figure out what works.

5 The enhancements we've been able to make in  
6 watch listing since 9/11 with the terrorist screening  
7 center and development of TTIC, these are making some  
8 of these old processes somewhat obsolete.

9 I'm not going to say they're all going to be  
10 tossed out the window. That's clearly not going to be  
11 the case. But we've had improvements in other areas  
12 that are going to allow kind of these brute force  
13 programs to be adjusted.

14 The NCIRS program, especially for folks, we  
15 have committed to phasing our NCIRS to subsuming it  
16 into US-VISIT as we develop the full capability of  
17 VISIT on the exit side. So, that's one thing.

18 Then on the multiple visa issue or the  
19 multiple trips, that's why I mentioned the concept of  
20 reciprocity. In certain cases now, we only allow one  
21 or two trips in, because that's what they give our  
22 folks if they want to go to, name a country.

23 We're looking at, does that make sense? Are  
24 we cutting off our nose to spite our face? We may want  
25 people from China to come in 10 times a year, and the

1 fact that they're not going to let our folks do the  
2 same thing in China, well that's not good, but it  
3 doesn't mean we should link the two together.

4 So, we're going to look at a targeted approach  
5 to reciprocity issues. Again, I think we have a good  
6 plan under way that will address your concerns, and lot  
7 of other folks'.

8 MS. MORANO: Do you have time for one more?

9 MR. VERDERY: Yes. I've got a couple of more  
10 minutes, if that's helpful.

11 MS. HUDSON: Hi. I'm Jodie Hudson from the  
12 U.K. delegation of VISIT USA, over here.

13 Just a quick question. I understand that the  
14 U.K. is not going to be ready for biometric passports  
15 for two years. Would it not make more sense to allow  
16 that to go through for a two-year period and be  
17 introduced in 2006 so that we don't have to address the  
18 same problems that we've had to address this year with  
19 our visitors coming over? I'm sure some of my European  
20 colleagues will be in exactly the same boat.

21 MR. VERDERY: We had requested a two-year  
22 extension in the legislation we supported on the Hill.

23 We think two years is an appropriate amount of time,  
24 for the reasons you mentioned. The bulk of the  
25 countries, we do not think, will be ready a year from

1     October.

2             Again, though, we need to get this resolved,  
3     because planning for this fall is under way. If  
4     Congress decides that one year or something between one  
5     year and two years is the appropriate way to go, we're  
6     going to make it work.

7             But, again, when we sat down and made an  
8     independent analysis of what was the most appropriate  
9     both from a capability standpoint for the foreign  
10    countries and from our needs on deploying readers, we  
11    thought two years was a good way to go and that's what  
12    we've asked for.

13            MR. POTTS: Joe Potts, University of Kansas.

14            I guess I'd like to just go back to the first  
15    comment that was made from the floor today about the  
16    communication that is perceived by potential visitors  
17    to the United State. I think you mentioned something  
18    about customer service at the consulates. I just would  
19    like to follow up on that and ask for more staff.

20            As you talk to people who have applied for  
21    visas, no matter what category they're applying for,  
22    the experience is universally negative and they just  
23    have such a sense that the U.S. no longer welcomes  
24    people coming to this country, and feel that that fact  
25    alone is having a great impact on people's feelings

1 about coming to this country.

2 So whatever can be done, that's our first  
3 foot. That's people's first encounter with our  
4 country. Anything that can be done to increase staff,  
5 improve the attitudes of people who are handling visa  
6 applications, would be greatly appreciated.

7 Secondly, I would ask, I'm just kind of  
8 curious if in your Department the fact that a fee is  
9 being used to fund the CIVAS program for student  
10 visitors to the United States and the security system  
11 that's being implemented to better monitor students,  
12 whereas there is no such mechanism in place to fund,  
13 for example, US-VISIT and international visitors coming  
14 in other categories.

15 It seems like a fundamental inequity to me.  
16 With education being the fifth largest service export,  
17 roughly \$13 billion a year, I just wonder what your  
18 feelings are about that.

19  
20 MR. VERDERY: Wow. I feel like I'm on  
21 Donohue. Do you remember the old show? The guy would  
22 say something and the audience would clap.

23 On the second one, on the CIVAS fee,  
24 essentially we were required to implement CIVAS under a  
25 congressional mandate. There was no funding given to

1 CIVAS, so we have to come up with funding somehow and  
2 we decided that a fee on the students was appropriate.

3 Now, there obviously are visa fees or there is  
4 a fee for general visa services. US-VISIT received an  
5 appropriation from the Congress to set up their  
6 systems, because they handle not only the visa  
7 applicants, but soon the visa waiver travelers, and  
8 have other duties as well.

9 So, since we were given a mandate, we have to  
10 have money to operate it. We think we have come up  
11 with a relatively painless way for the fee to be  
12 collected, which is one thing.

13 Essentially, somebody has to pay for this and  
14 we made a decision to pay for it on the students'  
15 backs. They're the ones that are benefiting, coming  
16 in. If Congress were to appropriate money for CIVAS,  
17 then perhaps that fee would not be necessary.

18 On the second one, kind of the attitude, so to  
19 speak, of both the consular officials and the  
20 inspectors, I mean, these folks have a tough business.

21 They know that every single individual that comes in  
22 to apply for a visa or applies for admission at a port  
23 of entry, once they're given the visa or the stamp of  
24 approval, essentially the U.S. Government has said this  
25 person is good to go, you've gotten the seal of

1 approval, that's a heavy task.

2 So, we expect them to take it seriously. We  
3 also believe they should be friendly about it. They  
4 should be respectful of people coming in. They are  
5 essentially customers who are trying to get into the  
6 country.

7 While I think our training needs improvements,  
8 I think that the message from on high is appropriate.  
9 We're going to continue to work with them to have that  
10 kind of message.

11 I will say, though, people always have to  
12 remember that the number one reason people don't get a  
13 visa has nothing to do with terrorism, Al Qaeda or  
14 whoever else. It's because of the statute that says  
15 you have to prove that you're not going to stay here.

16 That's why the rates of people being refused  
17 for visas hasn't really changed since 9/11. It still  
18 sits around 25 percent. The overwhelming majority of  
19 those are people who cannot prove that they're likely  
20 to leave because of ties to their country or economic  
21 circumstances.

22 So, again, I'm not trying to minimize the  
23 concern here. We hear it. We're working on it, and  
24 we're going to address it. But people do need to  
25 recognize that basic underlying fact that some of the

1       rejections have nothing to do with terrorism. So, I'll  
2       leave it at that on that question.

3               So maybe one more, and then I'm going to have  
4       to depart. I see one back here, I think.

5               VOICE: Illinois Tool Works. We've got  
6       operations all over the world. The challenge that we  
7       continue to have is getting customers here to pre-  
8       inspect a million dollar piece of equipment that we're  
9       prepared to ship, or to get employees here to be  
10      trained on our equipment so that they can go back to  
11      their home country where we're producing for those  
12      economies.

13              One of the challenges that we have is trying  
14      to figure out, who do we hire that we can get over  
15      here? Because more often than not, our employees are  
16      being denied visas.

17              MR. VERDERY: What countries are these folks  
18      coming from, mostly?

19              VOICE: Mostly Asia, of late. But just a few  
20      years ago, prior to 9/11, it was Northern Africa.

21              But I have, for example, received a transcript  
22      from an employee who had an interview, three  
23      interviews, and he was denied each time over in Asia.  
24      What I found particularly disturbing is when the  
25      interviewer accused him of buying his invitation

1 letter.

2 I don't get it. We supplied this person with  
3 original documents, signed, notarized, and he's accused  
4 of buying his documents. We provided the bonds, the  
5 training schedule. What did we miss?

6 MR. VERDERY: Well, it's hard to obviously  
7 speak to an individual case, not having been there.  
8 But, again, unfortunately there are cases like that.  
9 We do see fraudulent documents all the time. It's not  
10 that hard to create a fake letterhead from a reputable  
11 company, a reputable university. So, we do see that  
12 and the inspectors are asked to look into those things.

13 Again, that's a tough call, to sit here and  
14 second-guess somebody from afar. I would, as Under  
15 Secretary Aldonas mentioned, anyone in this room, or  
16 your clients, or your companies, or your associations,  
17 you have an obligation to do the best you can to get  
18 the right paperwork in place so when they show up to  
19 see this overworked, stressed out inspector or consular  
20 official, that they've got the best package that they  
21 can in front of them.

22 So we've had requests from chambers of  
23 commerce and others, somehow, can we subcontract some  
24 of our work to them. I don't know. We may, possibly.  
25 But what they can do, is to really work hard on the

1 front end to make sure you've got the best possible  
2 documentation, the best references, no loose ends, not  
3 cleaned up before the person goes in.

4 Again, it sounds like you may have tried to do  
5 that in this case, and that's unfortunate if the person  
6 was wrongly rejected. But there are improvements on  
7 your side that can make the process, in a general  
8 sense, work better, and I hope people will work on  
9 that. I'm sorry to hear about this case.

10 Again, I think if you look at the measures I  
11 was talking about earlier with Condor, Mantis, and  
12 NCIRS, and reciprocity and the like, the things we're  
13 looking at that should have quite a positive impact on  
14 some of the wait times and on some of the particular  
15 cases that are problematic.

16 So I'm going to wrap things up. The last  
17 thing I would say is, I want our office, my staff, and  
18 myself to be accessible to you all on these issues. We  
19 know how important they are both to you and to the  
20 economy at large.

21 So, I hope you will take us up on that, and we  
22 look forward to seeing you either up at our  
23 headquarters at the NAC or in more forums like this.

24 So, thank you very much.  
25

1 MS. MORANO: Okay. For those of you who are  
2 scooting right now and may be coming back again, please  
3 be sure to have your badge with you. When you walk out  
4 of the building, your building badge that you were  
5 given, not just the conference badge, is going to turn  
6 blue so they're going to know that you've left the  
7 building before coming back. There are lunch places  
8 here. There's a wonderful cafeteria downstairs.

9 I know most government cafeterias aren't  
10 actually said to be wonderful, but this one has a  
11 variety of foods, and the Reagan Building across the  
12 way has a food gallery. I think the main thing is to  
13 make sure you have your conference badge with you when  
14 you come back so the security guard can see you've  
15 already passed through prior to this.

16 MS. MORANO: We're probably going to have to  
17 shorten this a little bit on the US-VISIT program, so  
18 I'm not going to spend much time on going through the  
19 biographies that are in your packets, as I encourage  
20 you, again.

21 But we are very pleased to have a very good  
22 panel here for you to use as part of the continued  
23 dialogue. Mr. Jim Williams is the Director of the US-  
24 VISIT Program, appointed by the Under Secretary, Asa  
25 Hutchinson, in May of 2003.

1           Certainly this is a new, critical initiative  
2           that leverages the evolving use of biometrics and data  
3           sharing to enhance the security of our citizens and  
4           visitors, while facilitating legitimate travel and  
5           trade through our borders.

6           The first phase of the US-VISIT was launched  
7           in 2004, and Mr. Williams will be very good at covering  
8           all of this program initiative effort for both entry  
9           and exit.

10          In response to that, or in conjunction with  
11          it, we have two esteemed panel members, both who are  
12          not shy about speaking up on behalf of the industry and  
13          interests, so I think that you'll find this a lively  
14          panel. I know that Jim is a little bit shy, so we'll  
15          have to encourage him to open up a bit, I know.

16          Barbara Kostuk is the Managing Director for  
17          Passenger Facilitation with the Air Transport  
18          Association of America, and she represents, basically,  
19          airlines that transport more than 90 percent of all our  
20          passengers and cargo traffic in the United States.

21          We're very pleased to have her on this panel,  
22          as she represents quite a wide voice and has been a  
23          very active member for the travel industry, particular  
24          for the airlines, in partnership with the efforts going  
25          on in our entry/exit procedures.

1           Elyse Wander is the Senior Vice President -  
2       Government Affairs and Member Relations for the Travel  
3       Industry Association, having joined the association in  
4       May of 1996.

5           She reports directly to the President and  
6       Chief Executive Officer, and is basically responsible  
7       for providing overall direction to the government  
8       affairs, national councils, membership and development,  
9       and the human resources departments. She will provide  
10      a good voice on behalf of the industry as a whole in  
11      the U.S.

12           So, I will step aside and welcome the panel.  
13      Thank you.

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**US-VISIT PROGRAM IMPLEMENTATION**

Moderator: Jim Williams, Director, US-VISIT Program  
U.S. Department of Homeland Security

MR. WILLIAMS: Thank you, Helen. Thank you for having us here today. I'm very happy to be here today with Barbara and Elyse. I also want to thank Doug Baker for inviting us to this important conference.

It is my pleasure to be here to talk about US-VISIT. I think it's already been covered quite a bit by Stewart Verdery, who we work with very closely in my office. We both report to Asa Hutchinson, the Under Secretary for Border and Transportation Security, who reports directly to Tom Ridge.

I will tell you, the leadership and the interest in this program in terms of meeting our goals, from the Secretary to the Deputy Secretary down to my boss, Secretary Hutchinson, is intense, which makes my job fun. It also helps me to get done what we need to do.

Let me give you a little bit of background on US-VISIT, a little bit about the history of it, very quickly what we've accomplished recently, what our near-term deadlines are, what our longer term vision is, and also about some of the outreach efforts that

1 we've been undertaking.

2           Very quickly, the legislative history is, this  
3 is a congressionally mandated program, mandated first  
4 in 1996, amended in the year 2000 in a different law.  
5 Those two pre-9/11 laws were aimed at building an  
6 entry/exit system that would curb illegal immigration.

7       Post-9/11, additional laws were passing influencing  
8 this entry/exit system that really emphasized the need  
9 to accelerate it to combat terrorism.

10           Secretary Ridge, as part of his 100 day speech  
11 on homeland security last year, April 29, 2003, took  
12 what was the entry/exit system and he personally  
13 renamed it US-VISIT. He chose that name to reflect the  
14 fact that the United States is a welcoming Nation, and  
15 will continue to do so.

16           He also said we will meet the congressional  
17 mandates as set forth in the law, that we would have  
18 this system initially at air and sea ports by 12/31/03.

19       He added, on top of the legal requirement, the  
20 requirement to collect biometrics because he believed  
21 that was important to the Nation.

22           I will tell you about the results of this  
23 system today. We have been in operation almost six  
24 months and we are exceptionally pleased with the  
25 program. We are pleased because we are finding that

1 travelers do not mind doing this. We feel like, for  
2 our first phase of the US-VISIT system, we have already  
3 met our four goals for the US-VISIT system.

4 Let me tell you what those are. Number one,  
5 it is to enhance the security of our citizens and our  
6 visitors. We never forget that people from over 80  
7 countries died on September 11. We want people to feel  
8 safe coming to this country.

9 The second goal, equally important, is to  
10 facilitate legitimate travel and trade. That is not  
11 only a congressionally mandated goal, it is a directed  
12 goal, directly from the President to the Secretary, to  
13 the Under Secretary, and to me, is to make sure we  
14 implement the system in a way that not only does not  
15 adversely impact Commerce, especially things like our  
16 \$81 billion travel and tourism industry, but to make  
17 sure we can actually find ways to speed things up.

18 Our third goal, as part of the original  
19 legislation, is to ensure integrity in our immigration  
20 system. We want people to come to this country. We  
21 know that 99.99 percent of the people that come here  
22 come for legitimate reasons, to study, to travel, to  
23 see friends, to see family, to do business.

24 We want those people to come. But we also  
25 want to make sure that those are legitimate, law-

1     abiding visitors, people who come to this country with  
2     the intent to follow the rule of law.

3             Our fourth goal, also important, is to  
4     safeguard the personal privacy of our visitors. We are  
5     proud of the strides we have made in this area, because  
6     even though the U.S. Privacy Act does not, strictly  
7     speaking, apply to foreign visitors, working with our  
8     departmental Chief Privacy Officer, the first ever  
9     federal Chief Privacy Officer, Nula O'Connor-Kelly, we  
10    decided to apply the Privacy Act and did a privacy  
11    impact assessment. I can tell you, from a privacy  
12    standpoint that is working well.

13            We also, within our own organization, US-  
14    VISIT, I have my own privacy officer, Steve Yonkers,  
15    who is there to address not only privacy questions, but  
16    any criticisms or complaints people might have about  
17    the system.

18            He's been a little bit like a Maytag repair  
19    person, because he hasn't had a lot of calls, because  
20    frankly travelers are happy with the system, as I said.

21    They're happy that it makes them feel safer. They're  
22    happy that it's quick and easy to take a digital finger  
23    scan.

24            We're allowed, as Stewart said, to process  
25    quickly the hay, the good, legitimate people, and at

1 the same time, the system is working. We are catching  
2 bad people every single day.

3 As we implement this system, it's being  
4 implemented not only at ports of entry when people  
5 apply for admissions, but in conjunction with the State  
6 Department, who has been an absolutely wonderful  
7 partner. I can't say enough good about the  
8 relationship we've had with Department of State.

9 We are implementing the system also at the  
10 visa post, where when people apply for a visa those  
11 same biometrics are checked against a watch list. They  
12 are also, frankly, getting hits every day.

13 Just to give you an example of some of the  
14 people we've caught, people like a convicted rapist in  
15 Newark Airport, somebody who had not only been a  
16 convicted rapist, but had also been making terroristic  
17 threats, convicted of assault. This person had  
18 previously been deported from the United States.

19 We found out that he had been coming back into  
20 the United States using at least nine different  
21 aliases, four different dates of birth. The only way  
22 we caught him was through the biometric. It is a  
23 system that continues to work, so we're very proud of  
24 that.

25 Let me tell you about what we did to put the

1 system in place on January 5th. It wasn't the Homeland  
2 Security Department by itself, although I would say  
3 this is, within the Homeland Security Department, it is  
4 one of our top initiatives and it is really emblematic  
5 of what the Department needs to accomplish in terms of  
6 working across government to make sure this system  
7 meets those four goals.

8 But in order to meet those four goals, I want  
9 to also say thank you to our private sector partners,  
10 Barbara and Elyse, the Travel Industry Association and  
11 the Air Transport Association of America.

12 We work extremely closely with them to make  
13 sure that we can put in place a system that meets those  
14 goals, especially the facilitation of legitimate travel  
15 and trade.

16 A lot of the speakers this morning have talked  
17 about achieving the balance between security and  
18 facilitating legitimate travel. We don't necessarily  
19 see it that way. We try to see it as, it's not about  
20 achieving a balance, it's about accomplishing both of  
21 those goals at the same time.

22 The more we can use biometrics, the more we  
23 can use pre-registered people, that means, just like in  
24 our current systems of Nexus and Sentry that are used  
25 on our land borders where people are frequent travelers

1 and pre-register with us, it allows us, when they reach  
2 a port of entry, to make a faster admissibility  
3 decision and a better and more secure admissibility  
4 decision.

5 So we're always going to be looking at ways  
6 that we can accomplish both of those goals, in fact all  
7 four of our goals, at the same time by better  
8 technology and by better businesses processes. We are  
9 trying to work horizontally across government, taking  
10 it from the experience of the traveler.

11 Because I think what you saw prior to the  
12 Homeland Security Department being formed, you didn't  
13 have one face at the border. You had INS, Customs, and  
14 Agriculture. The Department of Homeland Security is  
15 working hard to make that successful, One Face at the  
16 Border.

17 But also, as you look at the travelers'  
18 experience, as we look across those four goals, we look  
19 across five processes, from pre-entry when somebody  
20 applies for a visa, entry when they show up, status  
21 management when somebody who comes into the country on  
22 a tourist visa wants to enroll as a student and adjust  
23 their status, and exit, and then an analysis to make  
24 sure we continue to review the system to make sure it  
25 works as a business process in the view of the

1 traveler, in the view of the consular offices.

2 We often look at the system as something where  
3 it's an information system. We want to get the right  
4 information to the right people at the right time to  
5 make the right decision. That includes sharing  
6 information on bad people and sharing information on  
7 good people. Good people are hurt when we do not share  
8 information.

9 We had a recent example of a gentleman, José  
10 Gonzales, a very common name, stopped at our southern  
11 land border, a high-ranking automobile executive. He  
12 was stopped because the name-based check said there  
13 were some bad José Gonzalezes out there.

14 It was not him. Nevertheless, that person's  
15 visa was taken away from him. Had we been able to  
16 share the information, take the biometrics and confirm  
17 this was not a bad person, that person would have been  
18 processed, hopefully, faster and easier.

19 Let me talk about some of our near-term  
20 deadlines. As we go into the rest of this year, 2004,  
21 I look at our program as having five major deadlines.  
22 One, is as we continue to work very closely with  
23 Barbara, we are testing more exit pilots at airports  
24 and seaports.

25 We are going to begin testing July 1 in

1 Chicago other exit alternatives. Today, we have exit  
2 alternatives that capture biometric confirmation of  
3 departure at Miami Seaport and BWI Airport.

4 As we go forward through the summer, we are  
5 going to be testing other alternatives at 15 additional  
6 airports and seaports. On September 30, as has already  
7 been mentioned today, we will begin including visa  
8 waiver travelers in the US-VISIT system at air and  
9 seaports.

10 Going to October 26, the Enhanced Border  
11 Security Act gives us additional deadlines there in  
12 terms of visa travelers, and also other types of  
13 travelers that Citizenship and Immigration Services  
14 issues documents to, such as refugees and asylees. We  
15 have to be able to meet the requirements of that act.

16 We have two more deadlines. Actually, they're  
17 more internal deadlines. One's an internal deadline,  
18 one's the legal mandate. The legal mandate is to have  
19 US-VISIT at the 50 busiest land ports of entry by that  
20 date.

21 I will tell you today, we do not expect  
22 travelers to see much of an impact on January 1, 2005  
23 at those 50 busiest land ports of entry. That is  
24 because the system will apply to people with non-  
25 immigrant visas and visa waiver travelers who

1 generally, today, at land ports of entry go into  
2 secondary.

3 Most of the people coming through land  
4 borders, Canadian citizens, Mexican citizens, with  
5 border crossing guards are processed in what's called  
6 primary. If they come in with a visa, they go into  
7 secondary. In secondary, all they will have is the  
8 additional about 10 seconds for US-VISIT to take place.

9 I don't think they'll notice the difference on January  
10 1.

11 As we go farther down past January 1, 2005, we  
12 are looking to try and incorporate radio frequency  
13 technology at our land ports of entry to be able to do  
14 a better job of, for instance, people with multiple  
15 entry visas that we can process those people without  
16 having to go to secondary, by capturing, at the very  
17 least, initially, their biographic information, and  
18 later on maybe their biometric information on entry and  
19 exit.

20 Those are our near-term deadlines. We have  
21 one other deadline for 12/30/04 for putting in systems  
22 that will better interface with Department of Justice  
23 systems.

24 I want to also conclude with talking about  
25 outreach. I have with me Anna Hinken and Barbara

1 Shipley here from our Public Relations room. Anna  
2 Hinken is our Outreach Director.

3 We've been doing as much as we can, working  
4 with the private sector, to try to communicate about  
5 US-VISIT, what it is, what it is not, doing that  
6 through signs, through information we give travelers,  
7 through our Web site.

8 I believe our Web site people have it. I hope  
9 I get it right. It's [www.dhs/us-visit.gov](http://www.dhs/us-visit.gov). Is that  
10 correct, Anna?

11 MS. HINKEN: Yes.

12 MR. WILLIAMS: We also have an opt-in list  
13 serve for people who want to be kept informed about US-  
14 VISIT. If you're interested in being included in that,  
15 you can send an e-mail to Anna Hinken at  
16 [anna.hinken@dhs.gov](mailto:anna.hinken@dhs.gov), and we will include you in all of  
17 our blast e-mails that go out.

18 Lastly, an offer that I often make, and it's  
19 in response to a question I heard earlier this morning,  
20 is we want to communicate as much as we possibly can  
21 about US-VISIT.

22 We know that's a challenge we will never meet  
23 100 percent, but I want to offer to you all that where  
24 you want us to stand up with you and communicate about  
25 US-VISIT, we want to do that with you. Let us know.

1           Let Anna Hinken know what opportunities there  
2 are where you have regular meetings with your  
3 constituents, and we'd be glad to send a  
4 representative, myself, Bob Motkin, my deputy, somebody  
5 who will be there to help talk about US-VISIT with you.

6       Again, we look forward to working with you all to make  
7 this system work.

8           It is something where we believe we can  
9 accomplish all those goals of enhancing the security of  
10 our citizens and our visitors so people feel safe in  
11 coming to this country, at the same time doing a better  
12 job of processing those legitimate people in this  
13 country and protecting our economic security at the  
14 same time, and also maintaining good relations with our  
15 international partners. Thank you.

16           I'll turn it over to Barbara.  
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**U.S.-VISIT PROGRAM IMPLEMENTATION**

By Barbara M. Kostuk

Managing Director, Passenger Facilitation

Air Transport Association of America

MS. KOSTUK: Thank you, Jim, and good morning, everyone.

I do work for the Air Transport Association of America, and we represent all of the U.S. carriers. We do not represent a lot of the foreign carriers. We have a couple of co-chair partners, but it is primarily all the U.S. carriers.

Jim was correct. We have been working with US-VISIT very, very closely on its implementation. We've been working, actually, prior to DHS being formed with the Legacy INS folks on the entry/exit system that Jim mentioned earlier. The implementation of the entry portion of US-VISIT has been extremely successful and we have been very pleased.

We were very concerned at the outset. We were concerned about long lines in the Immigration FIS facilities in the airports throughout the country, and we were pleased that we were able to partner with US-VISIT last fall when they did the pilot for entry in Atlanta. Delta Airlines was a major partner in that regard and it worked very well. US-VISIT was very good

1 about listening to the concerns that Delta had and  
2 making changes where Delta felt changes would be  
3 useful. So, we very much appreciate that.

4 Since the roll out to the other airports in  
5 January, it has been remarkably smooth. I would agree  
6 with Jim, that we are not as concerned that passengers  
7 are inconvenienced.

8 We still remain cautious, I should say, that  
9 as more and more travelers come to the U.S. this summer  
10 and as the visa waiver passengers are added to the  
11 system on September 30, that the FIS facilities can  
12 handle the amount of traffic that is going to occur.

13 That is not as much Jim's issue as it is the  
14 overall DHS issue of enough inspectors to handle the  
15 volume of traffic. Though US-VISIT processes take a  
16 limited amount of time, it still does slow the process  
17 a little, for those of you who have watched it or have  
18 seen it come into play.

19 We remain, again, cautious that airlines are  
20 not inconvenienced, that airports are not  
21 inconvenienced, and that passengers are not  
22 inconvenienced. We want you to come here, believe me.

23 It's disconcerting to be going into an FIS  
24 facility and see that the lines snake around for miles  
25 and miles and miles, and that's upon entry. That's not

1 even going through the TSA security lines that you have  
2 to go through when you leave.

3 So, we really do feel your pain and work very  
4 closely with all of DHS, whether it be TSA or US-VISIT,  
5 on trying to mitigate as much as possible the processes  
6 in order to keep this country safe.

7 We have been very, very pleased with DHS's  
8 efforts in the One Face at the Border. Though I think  
9 one member of the audience mentioned earlier that they  
10 don't quite see that it's a seamless process and there  
11 is just one person to meet when coming into the  
12 country, in the short amount of time that they've been  
13 implementing this, it is remarkable how far they've  
14 come.

15 The cross-training of legacy INS and legacy  
16 Customs inspectors in the FIS facility has been really  
17 a monumental job. You're taking two cultures which are  
18 very, very different.

19 I'm not trying to be a government employee  
20 here, but I've worked with them for so much, and they  
21 come from totally different worlds. For them to have  
22 to join up and be partners at a time when they've  
23 looked at the world very differently, it's been  
24 remarkable how far they've come in such a short time.  
25 So, we've been very pleased with that.

1           With regards to the exit process, we again are  
2     partnering very closely, as Jim said, with US-VISIT on  
3     this. The Chicago pilot, which begins July 1, is going  
4     to be very interesting to watch because they're going  
5     to test three different processes, one of which we're  
6     familiar with at BWI.

7           We remain concerned about some of the options  
8     that are out there, one of which is a mobile device  
9     that they're going to test at some of the departure  
10    gates. That is something that gives us a little bit of  
11    heartburn. Departure gates at U.S. airports are not  
12    designed right now to isolate outbound international  
13    passengers.

14          A government requirement to capture biometrics  
15    at the departure gate could disrupt the boarding  
16    process, and we're concerned that flights could be  
17    delayed. We've been assured that they won't be. But,  
18    in a word, to capture the right amount of data, we  
19    continue to work with US-VISIT to ensure that the  
20    process is as seamless as possible.

21          As you know, the airlines have been very  
22    involved and talking endlessly with DHS, and prior to  
23    that TSA and FAA, on CAPS 2. I know that was mentioned  
24    earlier. We have supported CAPS 2 in its development,  
25    but have been concerned about the privacy issues for

1 our customers and want that properly resolved before  
2 anything goes forward.

3 So, I was pleased to hear from Stewart's  
4 presentation that he believes that the new agreement  
5 signed on PNR with the Europeans will assist in that  
6 process.

7 We would also like to urge DHS to explore  
8 possibilities for combining screening and exit  
9 processing and leveraging the existing programs that  
10 are in place to better meet the needs of the traveling  
11 public, while enhancing vital security needs.

12 ATA is very, very strong in its desires to see  
13 a very seamless, fully integrated approach to passenger  
14 processing and screening. We know that DHS is looking  
15 to TSA and CVP to partner, and we're anxious to see  
16 that work as soon as possible.

17 It goes without saying that, since September  
18 11th, there can be little question that air travel has  
19 become much less inviting. All the programs that are  
20 in place when foreigners come here, the Visa Waiver  
21 Program, the Travel Without Visa Program which has been  
22 suspended, US-VISIT, CAPS 2, it's daunting.

23 We hope that all of these unique, individual  
24 programs can be combined in order to facilitate easy  
25 travel with foreign passengers.

1           Just in closing, I'd reiterate over and over  
2 again our interest in working with DHS and all the  
3 government agencies to ensure that trade and travel is  
4 as easy as possible, and do appreciate Jim's efforts in  
5 continually working with us and reaching out to us.

6           It has been truly a partnership that I think  
7 has been almost unique in its foundations, because  
8 we're on the phone every single day, and I think that's  
9 been very helpful. So, thank you very much. I look  
10 forward to taking your questions.

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**US-VISIT PROGRAM IMPLEMENTATION**

By Elyse Wander, Senior Vice President  
Government Affairs and Member Programs  
Travel Industry Association

MS. WANDER: Good morning. I'm Elyse Wander.  
I'm with the Travel Industry Association of America.

I know not everyone in the audience knows what  
TIA, as we call ourselves, is. It's the national not-  
for-profit trade association that represents all  
segments of the travel and tourism industry.

Our mission is a very simple and direct one.  
That is to facilitate and promote travel to and within  
the United States. Obviously, here today we're talking  
about travel to the United States.

For starters, let me just say that, as a  
policy matter, TIA supports the development and the  
expansion of new and existing programs that increase  
security at United States' points of entry, while at  
the same time facilitating inbound, legitimate  
travelers.

Barbara and Jim have characterized their  
relationship with each other and with us in the same  
way, I would say, in a very active, very robust,  
proactive relationships. We speak frequently.

I really have to pay a compliment at this

1 point, particularly to the folks at DHS. I think they  
2 operate in a very businesslike manner, and they're very  
3 responsive, we have found, to the business community,  
4 not just travel and tourism, but to a lot of your  
5 industries.

6 They tell us what they're going to do. They  
7 tell us what the deadline is, and they do it. They  
8 make it. We aren't always thrilled with the outcome,  
9 but they've made it very easy over the few months,  
10 frankly, that they've been in business to anticipate  
11 and expect what's coming our way.

12 Overall, TIA is, in fact, supportive of the  
13 US-VISIT program. I would confess to you that early on  
14 we were frustrated by what we perceived as surprise  
15 announcements that impacted our industry, but over time  
16 we have found that the Department of Homeland Security  
17 solicits our viewpoints, our input, before and after  
18 they implement some of their policies, and they've been  
19 willing to make some adjustments along the way.

20 But as we've heard a number of times already  
21 this morning, the successful introduction of change  
22 really requires a strong emphasis on communications and  
23 outreach. This is an area where we at TIA feel that we  
24 have a role to play where we can be active and we can  
25 be helpful. We put out a lot of regular communications

1 to our membership.

2 I invite you, any of you, to take a look at  
3 our Web site, [www.tia.org](http://www.tia.org), particularly in the  
4 Government Affairs section. We are always updating the  
5 policy pronouncements as we understand them and as they  
6 become available to us from all elements of the United  
7 States Government, whether it's the Commerce  
8 Department, State Department, or DHS.

9 We did something very interesting at our  
10 annual trade show. It's the largest trade show that  
11 takes place in the United States dealing with  
12 international inbound travel. We had it this year at  
13 the end of April.

14 We gave the Department of Homeland Security a  
15 free booth, which we never do, on the trade show floor  
16 so that they could meet with people who are suppliers  
17 of the U.S. travel product and sellers overseas of the  
18 U.S. travel product.

19 They were able to demonstrate the US-VISIT  
20 program, answer questions, try to dispel some of the  
21 myths, and reassure folks that we rely on to sell  
22 travel to the U.S.

23 We also gave them a free table at our Media  
24 Marketplace, where they could meet and speak with  
25 international journalists, all of whom are pre-

1 qualified as folks who write a lot about travel to the  
2 U.S. They, in fact, have to submit evidence that when  
3 they come to our show they've written, or they don't  
4 get invited back again. So, we're trying to do our  
5 part to help clarify and get the information out there.

6           You will hear this afternoon, I know, from a  
7 person or two from the Department of State, if I could  
8 suggest something you might press them on. It's the  
9 development of a Web site, or a space on their Web site  
10 that they have told us they are working on, and that's  
11 intended to be a comprehensive place where you can go  
12 and find the information that a few of you in the  
13 audience have said this morning would be very helpful  
14 to you.

15           How long do I need to expect it will take to  
16 get an appointment for an interview to get a visa? How  
17 long do I need to wait if there's any delay in  
18 obtaining that visa?

19           All those sorts of nitty-gritty issues that  
20 are frustrating to your customers and to your members,  
21 they say they are going to put up on the Web site,  
22 whether it crosses inter-departmental lines or not.

23           What you should urge them to do, if you're so  
24 inclined, is to speed it up, because from our  
25 perspective they're not doing it as quickly as we think

1 it can feasibly be done. So, write them, talk to them,  
2 do whatever you need to do.

3 We do have concerns. I passed out some  
4 compliments. We have some concerns. Let me just say,  
5 most of them center around delays at the U.S. ports of  
6 entry.

7 Delays, in our estimation, are more than an  
8 inconvenience. Delays can be the kind of frustrating  
9 experience that caused people not to return to the  
10 United States and not to suggest to their friends and  
11 family that they come here.

12 We share Barbara's concern and the ATA's  
13 concern about whether there would be enough staff to  
14 get people into the country this year at our points of  
15 entry. Jim, I hope you might be able to comment, if we  
16 have time for Q&A, on where DHS stands on the hiring  
17 freeze that was imposed earlier this year.

18 What else do we worry about? Well, we're  
19 worried a little bit about the exit piece. Barbara  
20 spoke to it earlier. It's not yet been implemented.  
21 It's undergoing some testing. We hope that whatever  
22 that solution is is an easy one and a simple one for  
23 visitors to figure out.

24 We very much hope that the Department of  
25 Homeland Security will not consider enforcing overstays

1 before that full entry/exit system is implemented. We  
2 hear that it's at least under consideration or  
3 discussion.

4 I don't know if that's just a whisper or not.

5 We think it's premature because, frankly, it will  
6 distract from the work that inspectors already have to  
7 do when they don't fully have tools in place.

8 With respect to land borders, we all can  
9 imagine that they present a very, very different  
10 environment for implementation of US-VISIT than do our  
11 seaports and airports. So far, we like what we see.  
12 So far, so good.

13 We're pleased that DHS tell us they're working  
14 to minimize delays at borders, and we're also delighted  
15 to see that so far the proposed deployment  
16 incorporates, but does not duplicate, the existing  
17 inspection programs. So, we're very pleased, at least,  
18 at what we hear.

19 Let me just sum up by saying that TIA is going  
20 to continue to follow the development of US-VISIT, and  
21 urge the government to use every opportunity available  
22 to them to improve the inspection efficiencies. We  
23 hope that the process will be shorter. We know it's  
24 added, so far, about 15 seconds, but we still hear  
25 reports of two-plus hour delays.

1 I heard of some yesterday from one of our  
2 cruise line members who had done a pretty good look-see  
3 at it in their area and said it was attributable to two  
4 things: under-staffing and lack of inspectors who can  
5 speak languages other than English.

6 But I promise you, we're going to continue to  
7 do our best to continue our cooperation with Homeland  
8 Security and to try to facilitate more and more of that  
9 outreach and communication that will make it easier for  
10 our industry, and frankly everyone's industry, to get  
11 more visitors into our country.

12 Thanks a lot. We look forward to your  
13 questions.

14 MR. WILLIAMS: Right here in the second row.

15 MS. FISCHER-WYATT: My name is Helen Fischer-  
16 Wyatt. I'm an American living in Hamburg, Germany.  
17 I've been there 30 years. I work at Incentive Travel  
18 and am a member of the VISIT USA Committee.

19 I understand the Herculean task that you're  
20 having implementing these new systems, and I think it's  
21 really wonderful. But I have to object to something  
22 you said. You talked about how travelers are happy  
23 about these new systems, and it makes them feel secure.

24 Well, recently in Hamburg, on the very first  
25 page of the local newspaper after this agreement about

1 the exchange of flight information, there was this huge  
2 outrage. This was a first-page article about all the  
3 information that was being given to the authorities in  
4 the United States.

5 I was reading here in your press release,  
6 "VISIT US has published a privacy impact assessment  
7 that ensures that personal information is used  
8 appropriately, protected from misuse and improper  
9 disclosure, and destroyed when no longer needed, and  
10 updated as necessary."

11 I get questions daily. What happens to all of  
12 this data that you are getting, and how long is it  
13 stored? Germans do not like this. They have big  
14 issues with privacy anyway, and I'm sure it's the same  
15 for all international visitors coming into the United  
16 States, absolutely, and we're not happy.

17 MR. WILLIAMS: Let me address both your  
18 questions. When I said, generally travelers are happy,  
19 we do survey travelers who have been through the US-  
20 VISIT process, and it's based upon listening to them.  
21 It's not just because we say they're happy, it's what  
22 they're telling us.

23 With regard to the second question about  
24 privacy, under the Privacy Act you do what's called a  
25 System of Records Notice. Many of the systems we're

1 using today are legacy systems which have their own  
2 records retention. I believe for IDENT, which is our  
3 fingerprint system, the legacy INS had a 75-year  
4 records retention.

5 Now, it doesn't matter how long we're going to  
6 keep it, whether it's 75 seconds or 75 years, it's  
7 important, what do we do with that, how do we protect  
8 it, how do we make sure it's only shared with people  
9 who have a legitimate need to have access to that  
10 information?

11 That's what we do through that System of  
12 Records Notice and through the building of our  
13 information systems, and the policies around them, is  
14 to make sure we adequately protect that information.

15 We are very, very sensitive to the perceptions  
16 about privacy. Recently I took a bunch of kids to the  
17 National Spy Museum, and there was a survey: how many  
18 Americans think the U.S. Government keeps a secret  
19 database on them? The answer was, 67 percent of  
20 Americans think we keep a secret database on them.

21 So, we are very sensitive to people's  
22 concerns, especially European concerns and Far East  
23 concerns about privacy. We are doing our best to put  
24 in place a system which we think we put in place, and  
25 we'll continue to refine it to make sure it meets those

1 privacy needs.

2 It's not only about making people feel safe  
3 coming here, but people feeling that their data will be  
4 adequately protected. That's very important to us.  
5 That's why we have a privacy officer who works directly  
6 in my organization.

7 That's why we work very closely with Nula  
8 O'Connor-Kelly. If you don't know Nula, she is a  
9 delightful person, but also a very, very strong-willed  
10 individual.

11 I will also tell you, with any concerns that  
12 the private sector people have later today, you have Al  
13 Martinez-Fonts. He is the private sector liaison who  
14 works directly for the Secretary.

15 Al is a great guy. I like him enormously.  
16 But he is the person who, if the private sector doesn't  
17 feel like I'm listening, doesn't feel like Stewart  
18 Verdery's listening, he is the advocate within the  
19 Department.

20 He's the only person I know of like that in  
21 the Federal Government, that level who responds  
22 directly to the private sector. Beyond that, we also  
23 have just one more point. We have a US-VISIT advisory  
24 board comprised of federal executives, chaired by Asa  
25 Hutchinson.

1           Doug Baker of Department of Commerce sits on  
2           that board representing Travel and Tourism, and Janice  
3           Jacobs, representing Visa Services from State  
4           represents the visa interests, trying to make sure we  
5           always factor in to our long-term plans, as well as  
6           work in the private sector, the perspective from people  
7           who represent all those interests.

8           Nula O'Connor-Kelly, the Federal Government's  
9           first-ever Chief Privacy Officer, is on that US-VISIT  
10          advisory board. So, we do pay very particular  
11          attention to this issue.

12          Way in the back, please.

13          VOICE: (off microphone)

14          MR. WILLIAMS: You said you came with an out-  
15          of-state license and had to show many different other  
16          forms of identification.

17          VOICE: Exactly. Now, my concern is, after  
18          showing the five different forms, my passport, military  
19          card, driver's license, Social Security card, and it  
20          got almost to the point of original birth certificate  
21          issued not by the hospital, but it had to be a state  
22          issuance, I'd like to know how that information that  
23          goes to -- that I submitted, and actually it wasn't all  
24          of that information, but that was what was asked for,  
25          what does the private sector do to protect that

1 information? Do we have anything in force at this time  
2 to protect an individual? I'm just looking for added  
3 clarification to the woman that worked in Germany, or  
4 Belgium.

5 MR. WILLIAMS: Sir, you were talking about  
6 when you went in to buy a car?

7 VOICE: No question about it. I understand  
8 that this is about travel. However, we were talking  
9 about identification.

10 MR. WILLIAMS: If you're asking us how we  
11 protect it versus how a car dealership that has access  
12 to commercial databases, I can't speak for the car  
13 dealerships. But as I just responded to the previous  
14 question --

15 VOICE: He's asking a question about privacy.  
16 How does the private sector protect the same kinds of  
17 information that the government is trying to protect.

18 MR. WILLIAMS: Well, there are privacy laws in  
19 this country that they're expected to abide by. I will  
20 tell you, the information that we're collecting for US-  
21 VISIT doesn't take any information from the commercial  
22 sector. We take personal information that travelers  
23 provide to us and protect that information, in  
24 accordance with the Privacy Act and other acts.

25 There was a gentleman who was over here who

1 was actually first, if we could. Go ahead.

2 VOICE: Let me try it again. We're here from  
3 Europe and we want to address the concerns we have in  
4 Germany, the U.K. and Italy or the concerns that we  
5 don't -- or the public doesn't know what the American  
6 side does with the data, with information you collect.

7 We understand it's needed. We support you  
8 wherever we can. We think you do your best to  
9 implement all these systems. Let's recommend, again,  
10 to you that you come to Europe and do an aggressive and  
11 very positive campaign explaining this to the potential  
12 traveler.

13 We will help you, from all -- committees, all  
14 two operators from all sides. We will help you to get  
15 this message, positive, across, 100 percent, because we  
16 support you in that. The only thing is, we need a  
17 campaign to explain what's happening.

18 Finally, today we got the message from you,  
19 and I'm thankful for that, that October 1 will be the  
20 date that even piece of paper will be -- fingerprints  
21 will be taken, and pictures. So, we have to get this  
22 message across. It's only one page and it's only one  
23 introduction. Let's really sell it positive to the  
24 travelers.

25 MR. WILLIAMS: We'd be happy to do so.

1     Actually, my boss, Asa Hutchinson, just recently came  
2     back from a European trip where he was doing just that,  
3     talking about the September 30th date, talking about  
4     US-VISIT. I believe I'm supposed to be over there in  
5     the Hague on July 1, and we'll be glad to take you up  
6     on that.

7             We try to communicate as best we can. We  
8     appreciate the offer to communicate better. We  
9     understand the issues that Europeans have with privacy  
10    and with biometrics.

11            But I will tell you, even Secretary Ridge, in  
12    his testimony yesterday in front of the Senate  
13    Judiciary, talked about a meeting he had recently had  
14    with the 25 EU countries, and all of them were looking  
15    to move in the same direction we are, using biometrics  
16    around border security. The EU is looking at their  
17    visitor information system, using the same two  
18    biometrics we use today.

19            What we're trying to do, is to move together  
20    in the international arena so we can promote the  
21    movement of legitimate people and stop the bad people  
22    where we encounter them.

23            But you're right. We do have to communicate  
24    better, and especially around what we do with the  
25    information, and we'll take you up on that. Thanks.

1 VOICE: (off microphone)

2 MR. WILLIAMS: We understand. Don't worry.  
3 Anna and Barbara over here are taking notes. They're  
4 very good at setting these things up. And anything  
5 else you want to talk to us about on how to  
6 communicate, what vehicles, what forums, please, talk  
7 to Anna Hinken. She works with us.

8 Barbara Shipley is right here from Fleischman-  
9 Hillard, our public relations firm, an international  
10 firm that also works for the State Department on visa  
11 services to make sure we can do the best we can to get  
12 the message out correctly around the world.

13 VOICE: On the note of communications, we have  
14 a vehicle called AA to help you with that. They have  
15 so many contacts. They have a Web site, travelers.org.  
16 What more can TIA do to help facilitate the  
17 communication? Because that seems to be the biggest  
18 barrier and frustration right now.

19 MR. WILLIAMS: Well, let me publicly than  
20 Elyse for allowing us a booth at their pow-wow in Los  
21 Angeles. I understand we had long lines of people who  
22 wanted to get questions answered about US-VISIT. We  
23 very much appreciate that.

24 And whether it's a linkage on a Web site,  
25 whether it's forums where you want us to address

1 things, we'll always listen to our private sector  
2 partners on how you want us to communicate and how we  
3 can do a better job. I think, as Helen introduced  
4 them, they're not shy.

5 VOICE: I'm sure there are additional ways  
6 beyond those that I described that we can be helpful,  
7 and I look forward to chatting--if you're going to be  
8 at lunch--with you about those. I would say that one  
9 that comes to mind immediately is that, as I say, we've  
10 got a lot of the information already. It's not all  
11 being pushed out. It's not all being heard.

12 We can certainly feed that more effectively,  
13 it seems to me, to the VISIT USA committees because of  
14 a point that we heard that just was clarified this  
15 morning, about the October 1 deadline, has been known  
16 to us for months. So, I think we may need to tighten  
17 up those lines of communication so that you have it and  
18 can push it out much more immediately.

19 MS. ABRAMS: I'm Stephanie Abrams, Travel With  
20 Stephanie Abrams, of the Business Talk Radio Network,  
21 although I don't sound like it today.

22 I think part of the underlying difficulty of  
23 the intersection of the two hands that are trying to  
24 clap and are missing each other, is that the airport  
25 experience and the airline experience used to be part

1 of the hospitality industry and the hospitality  
2 experience, and was really left in the hands of each of  
3 the suppliers to perform the welcoming services and the  
4 warm fuzzy feeling that brought people into the U.S.

5 We relied on the carriers to create that  
6 welcoming experience, and since going through Customs  
7 and Immigration was a very routine process, we didn't  
8 look for very much of that to be hospitable, just  
9 efficient.

10 With the very necessary imposition of all of  
11 the technical things revolving around our national  
12 security that are now imposed in the airport process  
13 and the transportation process, it has now created  
14 something that's less than hospitable.

15 I think, underlying all the very technical,  
16 real, and important issues related to security that  
17 must happen, the underlying thread that is repeated  
18 again and again related to visas, related to travel,  
19 related to the travelers' experience, whether it's  
20 hospitable, whether they want to come back a second  
21 time or never come here again and tell all their  
22 friends that, which has impact on everybody sitting in  
23 this room and in so many places where we are related by  
24 various threads, it's really important that a serious  
25 look be taken at how to make human, personable, warm,

1 and hospitable all the simple things that, in the realm  
2 of national security, seem inconsequential, but in the  
3 realm of travel, tourism and hospitality, are  
4 essential, right down to, if you're going to ask people  
5 to take off their shoes, then put a rug on the floor,  
6 or give them little paper slippers like you would if  
7 they were entering a hospital room. But nobody's  
8 looking at that, because you're looking at the most  
9 important safety and security issues.

10 So it would be almost like a manufacturer  
11 manufacturing the most superb motor and making you sit  
12 on it with a saddle and four wheels and calling it a  
13 great car.

14 Somewhere in there, creature comfort, warmth,  
15 hospitality, right down to the simple thing of  
16 instructing every person who works at a port of entry,  
17 the first person you see when you get off an  
18 international flight when you are completely exhausted,  
19 should have a great, big, plastered smile like the old-  
20 time airline stewardess who welcomes you to the U.S.

21  
22 MS. ABRAMS: And you know the scary part? It  
23 doesn't cost a penny. It doesn't cost a nickel for  
24 somebody to be instructed that, when people arrive, you  
25 don't just say, U.S. citizens to the right, foreigners

1 to the left.

2  
3 MS. ABRAMS: It's so obvious and it's so clear  
4 to people in travel hospitality. Yet, everybody  
5 sitting on your side of the desk is so focused on the  
6 real human issue of saving lives and protecting lives,  
7 that you're missing the issue of, we will put up such a  
8 barrier we don't have to worry about who we're saving,  
9 because the only ones trying to get in are the people  
10 who want to be mean.

11 So, I'm hoping that somewhere in what you're  
12 doing there is some real and ongoing dialogue and  
13 communication to let you know those little tiny things  
14 that cost nothing, but will make all the difference  
15 between people feeling warmly embraced, because almost  
16 everybody trying to get in just wants to come in with  
17 their plastic and their money, and we'd love to see  
18 them.

19 MR. WILLIAMS: Thanks for your comment. Let  
20 me address it. You're exactly right. The experience  
21 of a traveler or the experience of anybody going into a  
22 grocery store comes down to that human interaction that  
23 you have in a one-to-one setting.

24 Jay O'Hearn is the Assistant Commissioner for  
25 Field Operations within Customs and Border Protection,

1 responsible for the 25,000 officers at ports of entry.

2 He is acutely aware that there are, and have been,  
3 some complaints about rudeness by his officers, and he  
4 is taking steps to make sure that they have the right  
5 kind of customer service training so that they  
6 understand that, as they're doing that very, very  
7 difficult job -- and if you think about those officers,  
8 whether they're doing a one-minute inspection in the  
9 airport or a 7- to 10-second inspection at a land  
10 border, sitting right there in that small moment of  
11 time, they have to make that national security  
12 decision.

13 They have to also make sure they protect our  
14 economic security by welcoming people. They are  
15 representative of our international relations with our  
16 partners, because word travels quickly by word of mouth  
17 if somebody was treated rudely.

18 They have to balance those goals right there  
19 in that human interaction. Jay O'Hearn is well aware  
20 of that. I would say, if you have concerns about rude  
21 inspectors, he is trying to do something about it, as  
22 well as TSA is addressing this with their screener  
23 workforce.

24 But you can contact Jay directly. You can do  
25 it through our office or you can do it directly to Jay

1 O'Hearn's office. If you send Anna Hinken an e-mail,  
2 she'll make sure it gets to the right place. But we  
3 are sensitive to that issue. Actually, I completely  
4 agree with you. It costs nothing. Thank you.

5 MR. BAKER: Thank you. Let me interrupt the  
6 discussion here. We really do have to eat today. It's  
7 after 11:30. We'll break for lunch. The next panel  
8 reconvenes here at 1:15.

9  
10 (Whereupon, at 11:30 a.m. the meeting was  
11 recessed and resumed back on the record at 1:20 p.m.)  
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## 1 AFTERNOON SESSION

2 MR. LONG: Well, good afternoon. Thank you  
3 for all coming back. It is a pleasure to see you and  
4 have such a good turnout for this important conference.

5 My name is David Long. I'm the Director of  
6 Service Industries in Doug Baker's shop. What I'd like  
7 to do now is take care of a couple of administrative  
8 things, and then introduce the first panel of the  
9 afternoon.

10 Carrie Justice, to my right here, has a  
11 folder. Someone left their package with a lot of  
12 private notes. If someone's lost it, please touch base  
13 with Carrie, who'll return it to you.

14 We will also try to, in non-Washingtonian  
15 style, use as few as abbreviations in the afternoon as  
16 we can to try to accommodate a non-Washingtonian guests  
17 here.

18 But let me begin. It's a real pleasure to  
19 introduce such a terrific and accomplished panel as the  
20 one you'll see talking in a few minutes about  
21 milestones of visa implementation.

22 Our first speaker is Catherine Barry, who's  
23 the Managing Director in the Office of Visa Services in  
24 the Bureau of Consular Affairs at the State Department.  
25 She's graciously stepped in place of Janice Jacobs,

1 who was kept away by a family emergency.

2 Ms. Barry has extensive experience in visa  
3 issues, knows Latin America well, and has also served  
4 in Asia and the Middle East for the State Department.  
5 She brings a very broad perspective to the entire  
6 temporary entry set of issues.

7 Our next speaker following her is Theresa  
8 Brown, who is Director of Immigration Policy for the  
9 U.S. Chamber of Commerce. Theresa is likewise a widely  
10 known, highly respect immigration professional, working  
11 with the Chamber.

12 She also has more than 10 years' experience in  
13 immigration law with private firms and has been, the  
14 past three years, an Associate Director for Business  
15 Immigration Advocacy at the American Immigration  
16 Lawyers Association. She joined the U.S. Chamber in  
17 2001. Her specialties naturally include temporary  
18 entry issues. It is a pleasure to welcome her to the  
19 panel as well.

20 The third member of our group today who will  
21 be joining us shortly, who was delayed, is the  
22 president of George Washington University, Mr. Stephen  
23 Trachtenberg. Mr. Trachtenberg is the fifteenth  
24 president of the university and began there in 1988.  
25 That followed more than 11 years as president at the

1 University of Hartford.

2 An incredibly accomplished man, widely  
3 published author, his biography in your packet lists at  
4 least three major books, Thinking Out Loud, Speaking  
5 His Mind, and Reflections on Higher Education.

6 He is also acting right now as the chair of  
7 the D.C. Chamber of Commerce Board of Directors, the  
8 Atlantic 10 Conference President's Council. He's a  
9 member of virtually unlimited amounts of boards,  
10 foundations, and other civic organizations in the city.

11 Just to give you some idea of the depth of his  
12 experience, last year he was actually the recipient of  
13 a humanitarian award of the Albert B. Sabin Institute.

14 This came after he had been honored the previous year  
15 as an honorary doctor of law at the University of New  
16 Haven, and had previously received the U.S. Treasury  
17 Department's Medal of Merit.

18 It's difficult to know where to start to bring  
19 highlights from a resume that complex and that  
20 impressive. One I left out was something he included  
21 at the very end, where he noted that he was a graduate  
22 of James Madison High School in Brooklyn, New York.

23 It turns out that my wife is a graduate of  
24 that same high school, and that everywhere we have gone  
25 in the United States and the world we have encountered

1 other graduates of James Madison High School, and every  
2 single one has been interesting, informative, and a  
3 pleasure to talk to, and I'm sure Mr. Trachtenberg is  
4 stunned to hear about his high school experience right  
5 now.

6  
7 MR. LONG: Our fourth speaker today is Marlene  
8 Johnson. Marlene is the executive director and CEO of  
9 NAFSA: Association of International Educators. Under  
10 her leadership, the education community has captured  
11 the attention of leaders at all levels of society,  
12 resulting in presidential memorandum, congressional  
13 resolutions in favor of the kinds of exchanges in  
14 international education policy that she represents.

15 She has more than three decades of experience  
16 in the business community, government, and nonprofit  
17 management. A dynamic and successful leader, she's  
18 held board positions at the World Press Institute, the  
19 National Association of Women Business Owners, the  
20 National Council of Women Executives in State  
21 Governments, and the AFS Intercultural Exchange  
22 Program, all in all, another very impressive member of  
23 our panel.

24 Finally, without taking up too much more of  
25 your time here, I'd like to introduce Leonard Karp.

1 Len is the executive vice president and chief operating  
2 officer of Philadelphia International Medicine. This  
3 is basically a marketing and management company owned  
4 by some of the most prestigious hospitals in the U.S.,  
5 including Children's Hospital of Philadelphia, Crozier-  
6 Keystone Health System, Fox-Chase Cancer Center, McGee  
7 Hospital, Moss Rehab, Pennsylvania Hospital, Temple  
8 University Hospital, and others, including the  
9 Pennsylvania Medical Center.

10 Although this program is still relatively new,  
11 only five years old, so far it's added more than \$50  
12 million to the regional economy. This organization is  
13 active across the Middle East, Brazil, Chile, Uruguay,  
14 the Caribbean, Canada, Korea, and Italy.

15 In addition, Len serves on one of the industry  
16 advisory committees, advising us on trade negotiations,  
17 and is an active participant working with the  
18 government to foster international trade and press the  
19 services agenda forward.

20 Finally, I'd like to thank him personally for  
21 his many contributions to this conference. He played a  
22 lead role in conceiving and shaping it, and his strong  
23 support truly makes him one of the spirits behind the  
24 events today.

25 So, without further ado, let me turn the event

1 over to Ms. Barry and we'll begin.

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1                   **MILESTONES OF VISA IMPLEMENTATION**

2                   By Catherine Barry

3                   Managing Director, Office of Visa Services

4                   U.S. Department of State

5                   MS. BARRY: David, thank you very much.

6                   Ladies and gentlemen, I'm very happy to be  
7 here today and to have this opportunity to speak with  
8 you about the efforts of the State Department, and  
9 particularly the Bureau of Consular Affairs, to achieve  
10 a balance between the needs of national security and  
11 legitimate travel and immigration.

12                  We frequently quote our boss, Secretary  
13 Powell, who often refers to our goal as "a balance  
14 between secure borders and open doors." Consular  
15 officers serve in the first line of defense as they  
16 interview visa applicants from around the world.

17                  They do their job with security, first and  
18 foremost, but they are also mindful of the great  
19 strengths of this country which must be nurtured and  
20 preserved. We are an open society and we all value the  
21 diversity and richness of the experience that derives  
22 from an international exchange.

23                  Consular officers realize that there are  
24 several strategic interests served by an effective visa  
25 policy. To highlight a few of those other interests, I

1 would say: facilitation of commerce, academic and  
2 scientific exchanges, tourism, family reunification,  
3 and refugee resettlement.

4 I want to assure you as well that consular  
5 officers understand that the very definition of  
6 national security must include consideration of our  
7 economy and the impact that actions in visa process may  
8 have on our economic well-being.

9 For example, we are well aware of the fact  
10 that the U.S. travel and tourism industry is one of the  
11 most vital segments of the U.S. economy and one of our  
12 largest earners of foreign exchange.

13 Last year, approximately 42 million foreign  
14 visitors, whether here for pleasure, work or study,  
15 spent over \$83 billion on travel to the U.S., compared  
16 to \$78 billion spent by Americans abroad.

17 The travel and tourism industry, of course, is  
18 also one of America's biggest employers. One of every  
19 eight people in the U.S. civilian labor force is  
20 employed in some segment of the travel and tourism  
21 industry.

22 Consular officers are also proud of America's  
23 educational institutions and frequently conduct  
24 outreach to encourage foreign students to come to the  
25 United States.

1           They are well aware that international  
2       education and cultural exchange is one of our most  
3       potent means of influencing world opinion and  
4       developing lasting and meaningful relationships, and is  
5       an important part of our service sector export.

6           Consular officers' appreciation of all of  
7       these various strategic national interests are  
8       reinforced, I can assure you, by Secretary Powell, by  
9       U.S. ambassadors serving overseas, other senior  
10      managers of the Department of State, and they're  
11      frequently discussed in our in-house meetings and in  
12      our outreach activities.

13          A frequent theme of our internal dialogue is  
14      the unprecedented changes that we have in visa  
15      processing and the nature of how we can provide great  
16      security under the scrutiny that we have of the  
17      Congress and the American public. We have a statutory  
18      mandate.

19          It is an exciting, but very challenging, time  
20      for us to try and meet new mandates, as well as  
21      continue our traditional goals of good service to the  
22      American public and to foreign nationals who wish to  
23      come here.

24          Let me highlight a few of the steps we've  
25      taken to strengthen the integrity of the visa process.

1       We have greatly increased the level of data shared  
2       between the Department of State and law enforcement and  
3       intelligence agencies.

4               We have made available visa information to  
5       immigration officers of the Department of Homeland  
6       Security at all U.S. ports of entry. We have tightened  
7       visa interview requirements.

8               We have enhanced training for consular  
9       officers, particularly training in interviewing  
10      techniques, as a way of helping them use the visa  
11      interview effectively to find evidence of deception.

12              We have joined other federal agencies in the  
13      creation of a terrorist screening center to provide a  
14      more systematic approach to posting lookouts on  
15      potential and known terrorists, our greatest threat at  
16      the moment.

17              We have established 60 standard operating  
18      procedures for consular officers abroad in order to get  
19      better uniformity and accountability in visa  
20      processing.

21              Despite these major milestones, there are  
22      obviously complaints coming from the traveling public.

23              The major complaint is that we took on too much and we  
24      didn't have a resource base to sustain our activity.

25              I'd like to first address probably the most

1     difficult challenge we have, which is biometric  
2     collection. The biometric that we are collecting is an  
3     electronic scan of the traveler's two index fingers.  
4     This is the machine that we use. It is in front of  
5     every consular officer, or will be in front of every  
6     consular officer overseas by October of this year.

7             The biometric collection, that's it. You just  
8     put your index finger there, and then you put your  
9     other index finger there, and that's the entire  
10    biometric collection. It takes a matter of seconds.

11            Even dealing with difficult languages and  
12    sometimes the need for a interpreter, biometric  
13    collection has not added more than 30 seconds to the  
14    activity in front of the consular officer.

15            It is done in front of the consular officer  
16    also as a way of not also providing accountability for  
17    the data collection, but as a way of having a seamless  
18    transition to the visa interview. So they are part and  
19    parcel, and we're trying to make this as efficient as  
20    possible in this, the first generation of biometric  
21    collection.

22            The feedback we're getting from the overseas  
23    traveling public has been quite positive so far. I  
24    think many potential travelers to the United States  
25    realize that this process is helping their security,

1 not just U.S. national security.

2 For example, one of the benefits for them is  
3 that by freezing their entity in this way, we are  
4 preventing them from suffering from undue effects of  
5 identity theft.

6 We have the biometric collection in place now  
7 in 143 offices overseas. We have 211 visa processing  
8 posts altogether. We will be in compliance with the  
9 legislative mandate to be doing this in every single  
10 office overseas by October of this year.

11 We have added more officers to our overseas  
12 complement. We added 80 additional officer positions  
13 in this fiscal year, and we are on track to add another  
14 45 officers in the next fiscal year.

15 We are tracking carefully the number of posts  
16 overseas where the wait for a visa appointment is more  
17 than 30 days. Looking at our list two days ago, I  
18 found 17 posts out of the 211 that were not able to  
19 provide a visa interview within 30 days.

20 Close to 97 percent of the visa applicants who  
21 come forward receive a decision as to their visa  
22 eligibility, and most receive their actual visas within  
23 48 hours of the interview.

24 We are working on public outreach. We have  
25 completely redesigned the Web site here in Washington

1     that we are responsible for, the Web site of the Bureau  
2     of Consular Affairs. You should be seeing the results  
3     of our work very shortly.

4             We are encouraging our consular officers  
5     overseas who are responsible for the Web pages of  
6     individual U.S. embassies to make sure their  
7     information is up to date. We have more call centers  
8     now in operation. We now have a call center, for  
9     example, in operation in China.

10            We are making it easier for people who might  
11     be in the United States but want to go back overseas,  
12     possibly for a summer vacation or a family visit, and  
13     who believe they need a new visa in order to reenter  
14     the United States, to make that appointment from here.

15            Those countries where the local infrastructure  
16     has readily available access to the worldwide Web, we  
17     do have more and more posts using the Internet to give  
18     out appointments, which of course is very efficient,  
19     both for the embassy and for the traveling public.

20            I mentioned that most applicants get an answer  
21     on the spot. Approximately a little over 2 percent of  
22     the visa applications we receive must be submitted to  
23     Washington for screening by several U.S. federal  
24     agencies. We are trying to make sure that this process  
25     is done as efficiently as possible.

1           In the Bureau of Consular Affairs, we invested  
2   a million dollars in enhanced software to support this  
3   one particular function, and we have also added more  
4   people to the visa office to track these cases, to work  
5   with our federal partners, and to get answers back  
6   overseas as quickly as possible. We know that other  
7   agencies who are involved in this activity have  
8   improved their resources as well.

9           Today, some 80 percent of the people who do  
10   need a special screening from Washington-based agencies  
11   are getting an answer within three weeks. We are not  
12   yet where we want to be, but we are committed to  
13   continuing to improve our business process to  
14   facilitate the travel of those who need this special  
15   review. We do realize that most of them are legitimate  
16   travelers and we want to get them on their way as soon  
17   as possible.

18           Our work is not yet done. The Homeland  
19   Security Council is leading an interagency policy  
20   coordination committee to look at visa policy and  
21   procedures, port of entry issues, and to identify more  
22   goals for us.

23           There is also a major effort to improve our  
24   outreach so that we can overcome misperceptions about  
25   travel to the United States, and the new measures of

1 our border security program.

2 I understand in this morning's session there  
3 was quite a bit of talk about the visa waiver program,  
4 particularly how that is affecting travelers coming  
5 from Europe.

6 Let me say that I think the best way to  
7 intellectually approach this is to distinguish between  
8 the traveler and the government. The best thing for  
9 the traveler to do, is to make sure that they have a  
10 machine-readable passport.

11 A machine-readable passport is in production  
12 by all of the governments of the visa waiver countries.

13 That is what the traveler should do, to make sure that  
14 they don't have an old-style passport, but that they  
15 have a machine-readable passport.

16 The government has another responsibility, and  
17 that is to develop a biometric passport. I think you  
18 discussed this morning the fact that there's a deadline  
19 of October 26 of this year for the governments to be  
20 making biometric passports, and that they will not meet  
21 that deadline.

22 The U.S. Government will also not be able to  
23 produce a biometric passport in that time frame. We  
24 have used our own experience in trying to develop the  
25 next generation passport to help convince Congress that

1 more time is needed.

2 Even with the best of political will and large  
3 amounts of money, you just can't pull together a  
4 production of a new generation passport in time. The  
5 standards for the new biometric passport were set by  
6 the International Civil Aviation Organization.

7 It took that organization time to go through  
8 technology, study pilot programs that have been in  
9 place, and come up with the standards for all  
10 governments to meet.

11 We are doing our very best to get Congress to  
12 extend the deadline. Secretary Powell testified  
13 himself and put the full course of his prestige behind  
14 the request for an extension. Although I'm fairly  
15 confident that we will get some relief on this point,  
16 we obviously can't assure you today as to when that  
17 might be.

18 There has also been some discussion of the  
19 fact that our various security programs have led to a  
20 drop in travel to the United States after September  
21 11th. This is a very complex issue, and I really don't  
22 think that any one factor is behind that.

23 When you look at visa waiver travel, which has  
24 not yet been affected by new security measures, visa  
25 waiver travel is down about 20 percent.

1           So, that leads us to conclude, when we look at  
2     the travel of people who do have visas, special groups  
3     like students, we come to the conclusion that there are  
4     a number of factors at play in determining, now, why  
5     people are coming to the United States.

6           The truth is, many of the visa security  
7     procedures in place did exist before 9/11, in the sense  
8     that we always required significant information from  
9     visa applicants and we scrutinized every application  
10    very carefully.

11          The standards for adjudicating visas have not  
12    changed. Most visa denials are based not on security  
13    concerns, but rather on the statutory requirement that  
14    each applicant for a non-immigrant visa must be  
15    presumed to be ineligible until he or she establishes,  
16    to the satisfaction of the consular officer, his or her  
17    entitlement to legal non-immigrant status. Fraudulent  
18    documentation and misrepresentation are still found by  
19    consular officers in many visa cases around the world.

20          I'd like to end with a key message. As you  
21    engage in your activities, especially with foreign  
22    partners in the travel and tourism industry, my main  
23    message would be to encourage events planning.

24          People wishing to come to the United States  
25    who need a visa should apply for that visa early.

1 Those who already have a visa should keep it valid and  
2 make a timely application for a new visa when they see  
3 that their visa is about to expire.

4 There is no denying that our offices overseas  
5 are very busy. Last year, we did over seven million  
6 cases, and we're expecting to have six million cases  
7 this year around the world.

8 We do want to keep our lines of communication  
9 open with members of the travel industry and the  
10 academic community, and other special interest groups.

11 We want to work on real solutions to any perceived  
12 obstacles in travel to the United States because we do  
13 want to make our country safer, and also have an open  
14 door. Thank you very much.

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1                   **MILESTONES OF VISA IMPLEMENTATION**

2                   By Theresa Brown

3                   Director, Immigration policy

4                   U.S. Chamber of Commerce

5                   MS. BROWN: Hello, everyone. I want to thank  
6 Doug Baker and the folks here at the Department of  
7 Commerce for inviting me here.

8                   Since I am at the Department of Commerce and  
9 since there's a lot of people not from Washington, let  
10 me just specify: I am from the U.S. Chamber of  
11 Commerce, not the Department of Commerce.

12                   We are a private sector organization. We  
13 represent approximately three million U.S. businesses  
14 in every sector of the economy, of every size, and  
15 every shape, in every corner of the economy, as we  
16 constantly tell tourists to DC who stop by our building  
17 instead of coming here, and vice versa. So, I thought  
18 I'd just clarify that up front.

19                   You saw me furiously scribbling. I have a  
20 tendency always to want to respond to everything I've  
21 heard, and I've been here since this morning. But I've  
22 been told to talk slower and keep my remarks brief, so  
23 I'll try to stay on point and on message.

24                   One of my duties at the U.S. Chamber of  
25 Commerce, I am Director for Immigration Policy, so I

1 deal with an awful lot of issues relating to  
2 immigration.

3 A lot of the letter categories that you heard  
4 Steve Pinkos talk about this morning are things that I  
5 work on on a regular basis, and I do understand them,  
6 but I won't try to explain them to you.

7 This issue of the visa process, facilitation,  
8 management of our borders and ports of entry, has been  
9 my number-one priority and taking up the majority of my  
10 time since 9/11 because it does impact such a broad  
11 spectrum of our membership from everyone in the travel  
12 and tourism industry.

13 As everyone knows, that's one in eight jobs in  
14 this country, is in the travel and tourism industry  
15 directly or indirectly, to businesses engaged in  
16 international trade and commerce, to members that are  
17 trying to get work visas for parts of their workforce,  
18 to folks of ours who are involved in higher education,  
19 medical facilities, you name it.

20 So, we have this broad spectrum of interest  
21 and representation, and we have heard very loudly from  
22 every single corner of that membership about these  
23 issues.

24 I think it's worthwhile to sort of just very  
25 quickly go through all the changes that have taken

1 place since 9/11 in our visa process and in our  
2 security process. There's been a lot of different  
3 layers that have happened, and some have happened in  
4 concert and some have happened sort of almost seemingly  
5 ad hoc. There's been a lot of changes.

6 Some of the most reported is an increase in  
7 the number and extent of background and security checks  
8 at a lot of different phases of the visa process. This  
9 is not just the sending of certain visa applications  
10 back to Washington for other agencies to check.

11 This is additional screening that happens at  
12 the consular offices when they check their own  
13 databases, additional information going into those  
14 databases, sharing of those databases with other  
15 agencies as the person arrives here, looking more  
16 closely at technology-related interactions between  
17 foreign nationals and the United States and what impact  
18 that may have on national security.

19 We have had a requirement, again, for in-  
20 person interviews, which has been talked about.  
21 Interior registration of foreign nationals in the  
22 United States called the NCIRS process that was  
23 introduced in 2001 and 2002. The development of the  
24 US-VISIT system, entry/exit, the new biometric  
25 requirements.

1 All of these things have come at sort of a  
2 very rapid pace in terms of changes to the visa process  
3 that all of us have understood to be the case for many,  
4 many, many years. I know that that has fed a lot of  
5 the frustration and increase in the international  
6 public because they don't understand.

7 It just seems like, here comes the next thing.  
8 We're bowled over constantly by the next wave of  
9 things coming at us, and we can't put it all together  
10 in one cohesive package.

11 I don't think I'm here to tell you that it's  
12 any better because you know better than I, but I think  
13 what I can say, is I think we're on back side, on the  
14 second phase of reaction to 9/11.

15 We put all these things in place very quickly  
16 after 9/11. Some of them were administrative actions,  
17 some of them were congressionally mandated actions.

18 But the idea after 9/11 was simply, close all  
19 the loopholes. What happened to allow people in 9/11?

20 How do we prevent that from happening? Can we just  
21 close all the loopholes? So, there as a very quick  
22 reaction to anything that possibly could have been a  
23 problem, we're going to shut down.

24 Now we're looking in the second phase, I think  
25 both DHS, the State Department, and others, on how do

1 we refine these things that we have put in place? How  
2 do we make them integrate? How do we create, as  
3 somebody said earlier, that seamless process for  
4 visitors to get through to come to the United States?

5 I think that is where the government and the  
6 private sector can work together, and should work  
7 together, most closely to refine that process so that  
8 for the international traveler, international visitor,  
9 they know what they're getting into when they come and  
10 it's a welcoming process.

11 We all know the impacts of the changes. We  
12 all know what's happened. Obviously, delays. That's  
13 the one everybody points to, a delay in getting an  
14 interview, a delay in getting a visa, a delay in  
15 getting a check, a delay in getting to their airport,  
16 all these delays. I think that everyone is aware that  
17 those delays have cost associated with them.

18 I'm very glad to hear from Catherine that the  
19 State Department realizes that a 30-day interview is  
20 not yet where they want to be, because certainly for  
21 business 30 days is a long time to wait for certain  
22 people to get a visa. If you're trying to close a  
23 deal, a multi-million dollar deal, you don't  
24 necessarily have 30 days to wait.

25 I think one of the things also is this

1 perception -- and I don't know if it's real or not. I  
2 think the data is inconclusive about, are there more  
3 denials of visas.

4 I think probably people are more aware of  
5 denials and there may be a perception that the denials  
6 are because of the security issues. Catherine is  
7 absolutely right. Under our immigration law, like it  
8 or not, U.S. immigration law presumes everyone guilty  
9 until they can prove themselves innocent.

10 What do I mean by that? Everyone is presumed  
11 to want to come here and stay and live, in violation of  
12 whatever temporary visa status they have, unless they  
13 can prove conclusively they're not. The burden of  
14 proof is on the individual. This is not well  
15 understood around the world.

16 Not only is it not well understood--I see  
17 people shaking their heads--it seems counterintuitive.

18 Why do they presume that? I can't tell you why that  
19 is. That provision has been in our law, literally,  
20 since 1952. Okay. So it's nothing new. It's always  
21 been around.

22 But people don't understand that, so when  
23 they're denied and they're saying you don't have enough  
24 ties to home, they didn't know that's what they needed  
25 to present, necessarily, or how much they needed to

1 present.

2           Some of that is some of the things that we can  
3 do to better prepare people before they go to the  
4 consular office to let them know, this is the burden of  
5 proof you have to make. Bring everything you possibly  
6 can to make that burden of proof happen, up front,  
7 because you don't want to have to come back a second  
8 time.

9           The delays obviously have costs, as I said.  
10 There are costs to the agencies. There are costs to  
11 the travelers. We don't often think about it, but the  
12 agencies have a lot of additional costs because of the  
13 changes.

14           The backlogs in case processing, for example,  
15 at Citizenship and Immigration Services, which is the  
16 U.S. side that pre-processes visas for workers, for  
17 example, and does some of the student visa processing,  
18 they've grown exponentially because of these additional  
19 security checks.

20           There is, frankly, a lack of resources. These  
21 security checks were put in place very quickly at the  
22 agencies without any additional funding, so they had to  
23 pull resources from wherever they could to do these  
24 additional things.

25           Frankly, the amount of additional funding and

1 resources given to them in the out years since 9/11 has  
2 not increased that dramatically to deal with all these  
3 changes. For example, the in-person interviews that  
4 State Department instituted last year initially were  
5 done without additional personnel at any of the  
6 consular posts.

7 There's a number of additional hires that are  
8 coming in this year--I think it's less than 100 around  
9 the world--that are hopefully going to be focused at  
10 posts that are the most backlogged. But as you can  
11 tell, that doesn't seem like a lot of help when you  
12 have six million visa applications around the world to  
13 deal with.

14 The cost to the travelers. We know about  
15 increased fees. We know about additional travel time.

16 We know about the delays. From the business community  
17 I want to talk a little bit about ours.

18 As I said, the Chamber is hearing about this  
19 issue from a lot of different angles, but I want to  
20 talk about one specific slice that probably other  
21 panelists will not.

22 That is, business visitor visas, the B-1 visa,  
23 which is the most common business visa, next to  
24 tourists, which are B-2. B-1 is the next most common  
25 visa, and often they're linked and done at the same

1 time. You get a combination business/tourist visa.

2 That is the lifeblood of international trade  
3 and commerce, is to be able to have in-person meetings  
4 between U.S. companies and foreign companies who are  
5 conducting business deals, who are holding meetings,  
6 who are going to conference and trade shows to sell  
7 products, to develop the next generation of whatever.  
8 The inability of those customers--and we heard about it  
9 some this morning--to get visas to come into the United  
10 States is hurting our bottom line.

11 There was a recent study that came out just  
12 last week from eight different business organizations  
13 that just surveyed their own membership and said, can  
14 you put a dollar sign to the cost to you of these kinds  
15 of problems, not being able to get people visas to come  
16 in and conduct these deals?

17 And the extrapolation from that was that they  
18 estimated that the inability to get people visas in a  
19 timely fashion may be costing our United States economy  
20 \$30 billion in the last two years, and that's not  
21 insignificant.

22 We all know about travel and tourism. It's  
23 down about 30 percent in the last two years. That's  
24 another \$100 billion, if you want to do the math, that  
25 we may have lost in international travel and tourism.

1 So, we're not talking small change for our economy.

2 The biggest message I want to tell people is,  
3 and this is for government and private sector, we all  
4 know this: perception is reality. One of the hardest  
5 cases we have had to make to members of Congress and  
6 others, is they all want to tell us, prove that there's  
7 really a problem.

8 Show us the impact. What is hard for them to  
9 understand, is so long as there is a mass perception in  
10 the international community that it is difficult to  
11 come here, whether or not it actually is difficult to  
12 come here doesn't matter, because if they believe it  
13 is, they won't come.

14 That's the most important message and that's  
15 why communication is the key. We talked about it this  
16 morning: communication, outreach from the government to  
17 the private sector, us telling them what our issues are  
18 and concerns are, cooperating and outreach to the  
19 traveling public to get the right information out in a  
20 timely manner, and by that I mean well in advance of  
21 the change whenever possible.

22 To tell us about change a month before it  
23 happens, for a lot of people, is too late. They've  
24 already made plans, and now there's costs associated  
25 with changing them. So, we need to get out in front of

1     this curve. I'll wrap it up, because I'm getting the  
2     red flag. I'll take questions afterwards.

**MILESTONES OF VISA IMPLEMENTATION**

By Stephen J. Trachtenberg

President and Professor of Public Administration

The George Washington University

DR. TRACHTENBERG: Thank you. I am the president of George Washington University, as you've heard, and a graduate of James Madison High School.

DR. TRACHTENBERG: I am also chairman of the District of Columbia Chamber of Commerce, a conventionally confused situation.

But it useful perhaps to say to international guests that George Washington University, with an operating budget approaching \$1 billion a year, is an independent institution, which is to say, not state supported by either the District of Columbia or the U.S. Government. So, we are obliged to have, if not a business point of view, a business-like way of proceeding.

My perspective as the president of an institution that enrolls a large number of international students and was also a native New Yorker who watched the Twin Towers go up and then come down, and as a Washingtonian who saw black smoke coming out of the Pentagon on September 11, I have a particular

1 take on today's agenda.

2 The invitation to this forum states that the  
3 U.S. Government strives to strike a balance between its  
4 border security and its economic security, and I  
5 couldn't be more enthusiastic and endorse that more  
6 than I can.

7 But to define where that balance falls, we  
8 have to agree on what the benefit of international  
9 students, scholars, and researchers, and teachers are  
10 to America and to the world as opposed to the risk of  
11 having them here.

12 When I graduated from college in 1959, a total  
13 of 48,486 international students were enrolled in U.S.  
14 colleges and universities; 516 attended Columbia  
15 University where I graduated, and nearly one-third of  
16 them were Canadian, which hardly counts.

17  
18 DR. TRACHTENBERG: At George Washington  
19 University where I am president today, 331  
20 international students attended in 1959.

21 Now, if you look at America's campuses of  
22 today, 586,000 international students are enrolled, a  
23 twelve-fold increase. This year, George Washington  
24 University educated nearly 1,900 international  
25 students, about 1,400 at the graduated level.

1           So, I want to argue that America is stronger  
2     economically, richer culturally, more secure  
3     militarily, and healthier socially because of the  
4     steady increase in the number of immigrants,  
5     international students, and educators and research  
6     personnel who have come here.

7           Let me give one example. International  
8     students alone spent \$12 billion per year in the United  
9     States on tuition, room and board, pizza and beer.

10  
11           DR. TRACHTENBERG: From a purely selfish  
12     university president standpoint, that's terrific. But  
13     that number short-changes the economic benefit of  
14     having somebody like Andrew Grove, born in Budapest,  
15     comes to America, studies at the City University of New  
16     York, goes on to establish Intel, a multi-billion  
17     dollar corporation that helped fuel the technology boom  
18     in America, and Andy Grove is not an exception. By  
19     1990, one-third of silicon valley IT professionals were  
20     foreign-born.

21           As we are seeking to balance national security  
22     and economic security, how much is it worth to America  
23     that the world's leading microchip manufacturer is  
24     located in California rather than Kyoto, with all due  
25     respect to the Japanese?

1           Number two. I would argue that the world is a  
2 more stable, more integrated, and more secure place  
3 because of the millions of students who had the  
4 opportunity to learn here and experience America.  
5 America's greatest selling point is America.

6           A chance to study here is to know our  
7 principles, our values, our markets, our government,  
8 and our freedoms. So, that said, judging by our  
9 policies, one would think that we view foreign students  
10 as a burden, not a benefit.

11           I am much comforted by what Catherine had to  
12 say, but that is not the perception that my students  
13 have, nor is it the perception that American university  
14 presidents have, or most of the ambassadorial community  
15 that I work with here in the District of Columbia in  
16 Washington.

17           For American universities, this is a huge  
18 problem because we are in intense competition with  
19 other countries for top-quality international students,  
20 and frankly these other universities are eating our  
21 lunch, especially since 9/11.

22           Australia offers new students six months of  
23 English language learning free of cost before they  
24 enroll. England allows foreign students to hold jobs  
25 and actively helps them to find positions while they

1 are students. France has a major government-sponsored  
2 public relations campaign to attract international  
3 students.

4 America does virtually nothing to attract  
5 foreign students and we are proud of the fact that we  
6 are not getting in their way as much as we had been.  
7 We will not let them work here unless it is on campus,  
8 and the J-1 and the F-1 visa system is frankly seen as  
9 hostile to international students, especially since  
10 9/11.

11 The number of visa problems for international  
12 students jumped from less than 1,000 in the year 2000  
13 to nearly 15,000 in the year 2002. There is no time  
14 limit on resolving these visa issues, and they  
15 routinely take months to decide.

16 Students in many fields must reapply each year  
17 for a lengthy and expensive security clearance. Each  
18 security clearance must be signed off by several  
19 government agencies, some of which seem to be in no  
20 special hurry.

21 The new \$100 international student fee to  
22 cover these security checks is structured in such a way  
23 as to make payment difficult for students that come  
24 from developing nations that lack a sophisticated  
25 banking system.

1           New Social Security number requirements,  
2           necessary for students who find on-campus jobs, are  
3           cumbersome, time-consuming, staff-consuming, and appear  
4           to have no practical benefit for America.

5           As a result, at one institution, my  
6           institution, at George Washington University, the  
7           number of foreign students has declined from more than  
8           2,300 in 1998 to less than 1,900 today.

9           Because of new F-1 and J-1 visa requirements,  
10          I need to employ 50 percent more staff in our  
11          International Students Office for 18 percent fewer  
12          international students, and my budget for program  
13          activities designed to ease the transition to American  
14          student life for international enrollees is down by 75  
15          percent. So, we're employing far more to accomplish  
16          far less.

17          Nationally, the number of foreign applications  
18          to U.S. graduate schools, the cream of the crop, has  
19          declined by an astounding one-third in one year alone.

20          Now, these are, hopefully, the future inventors and  
21          entrepreneurs of tomorrow. They're going someplace,  
22          but they're not coming here. That probably means  
23          they're going elsewhere.

24          The number of potential international students  
25          taking the GREs, the standardized tests some of you

1 will remember from your student days used by most U.S.  
2 graduate programs to evaluate students, declined by 30  
3 percent in 2004. So, I am concerned. I am gratified  
4 to hear that my government is concerned.

5 In the end, in the name of security, I believe  
6 we are in danger of hurting America economically and  
7 concurrently making the world less secure.

8 Now, I began by saying I was a native New  
9 Yorker, and my accent surely verifies that. I won't  
10 pretend for an instant that the terror threat isn't  
11 real, and I am certainly aware, as are all university  
12 presidents, that some of the 9/11 terrorists exploited  
13 vulnerabilities in our student visa system to come to  
14 America.

15 We are also aware that they all attended  
16 schools that very few of us would term "higher  
17 education," attending private flight schools, not  
18 actual colleges or universities.

19 Nevertheless, we are all willing to make  
20 sacrifices at our institutions to make America and the  
21 world more secure. I support the CVIS database, for  
22 example. But just because the new visa system flagged  
23 15,000 international students instead of 1,000, I don't  
24 necessarily feel more secure.

25 Of the 15,000 international students who were

1     flagged last year, I don't know how many were students  
2     attending mainstream colleges and universities or how  
3     many were attending fly-by-night institutions. Of  
4     these students, I don't know how many visa violations  
5     were uncovered and how many were not allowed to enter.

6             Of all of these violators, I don't know how  
7     many were a genuine threat to our security. I can tell  
8     you with certainty that the five George Washington  
9     University students who had to miss a semester this  
10    year due to visa confusion were not a threat to  
11    anybody.

12            This year at GW, we skirted an embarrassing  
13    situation with one of our regular foreign guest faculty  
14    lecturers who was suddenly flagged and initially denied  
15    a visa from Germany, and was all the more perplexing  
16    since he had actually worked with our government on  
17    numerous occasions and had traveled here many times.  
18    Ultimately, he was required to travel a great distance  
19    to be interviewed at the consulate, where he was  
20    eventually granted a visa.

21            His initial denial did not make me feel more  
22    safe. It made me feel that the screening system was  
23    perhaps arbitrary and perhaps unable to distinguish a  
24    security threat from a bureaucratic confusion.  
25    Frankly, I'm not sure he'll want to go through the

1     hassle of traveling several hundred miles just to get a  
2     visa to come to my school and teach.

3             I know it's one vignette, but I like to think  
4     that if we focus on one story, we have a face in front  
5     of us rather than merely a collection of data and  
6     statistics.

7             So, concluding, speaking as an educator, a  
8     university administrator, an American, a parent, I can  
9     say with certainty that the influx of international  
10    students from the far corners of the earth has made  
11    America and the world a better place, a stronger place,  
12    a more successful, more stable, more profitable place.

13            International education is a large part of the  
14    solution to national security and to world stability.  
15    It's a large part of building our economy. It's a  
16    large part of spreading our belief systems. It is,  
17    perhaps, America's best ambassador.

18            So, as we seek to strike a balance between  
19    border security and economic security, I hope we can  
20    give the right weight to the benefits of international  
21    education.

22            I thank you very much.  
23  
24  
25

**MILESTONES OF VISA IMPLEMENTATION**

By Marlene Johnson

Executive Director and CEO

NAFSA: Association of International Educators

Thank you. I'm very happy to be with you this afternoon.

First of all, on behalf of all of us--there are a number of us in this room, and those of us out in the field in international education, let me first express my appreciation to Janice Jacobs, Catherine, and their colleagues at the State Department for all of the efforts to help us get through this very difficult period.

We have had a tough time, as Steven has commented. But I, quite frankly, don't want to think about where we'd be right now if the Department of State had not taken the measures that have been outlined by Catherine earlier today. The Department is very open to us and is doing its best to be helpful, and we appreciate that very much.

State has given you a set of numbers, and they do paint a positive picture. I think it's fair to say that part of the picture is positive, if we look where we've been in the last couple of years.

1           But I want to give you another set. In 2002-  
2           2003, the number of international students was  
3           essentially the same as the year before. It was up  
4           less than 1 percent. This followed several years of  
5           steady growth.

6           The data for the academic year that has just  
7           ended won't be available until October, but in the  
8           meantime we have surveyed a small sample of schools  
9           last fall to try to get a sense of how enrollments were  
10          going this year, and nearly two-thirds of the  
11          responding schools said their international student  
12          enrollments were steady or down this year compared to  
13          last.

14          I think the specific of GW is reinforcing that  
15          specifically. When the definitive data are available,  
16          we may see an actual decline in international students'  
17          enrollments for the first time in more than a decade.

18          The schools that responded to our survey  
19          reported that the number of students who missed their  
20          programs' start dates last fall, for instance, because  
21          of visa delays was up nearly 50 percent compared to the  
22          previous year. There were more than 1,000 missed start  
23          dates in the fall of 2003, just at the 232 schools that  
24          responded to that question.

25          The number of international scholars who

1 missed their program start dates was up more than 75  
2 percent in the fall of 2003, compared to 2002.

3 We were concerned by these numbers, obviously.

4 So in February of this year, we did another survey of  
5 applicants for the coming fall compared to the  
6 applicants for last fall.

7 The findings are that nearly half of the  
8 responding schools reported that international graduate  
9 student applications for this coming fall are down  
10 compared to last fall.

11 A later survey by the Council of Graduate  
12 Schools confirmed this finding. The schools reported  
13 that the "hassle factor," which many of you have  
14 commented on earlier today, seemed to be the biggest  
15 reason for this decline. People just thought it had  
16 gotten to be too much trouble to study in the United  
17 States.

18 So I think we have legitimate grounds for  
19 concern that really need to guide our thinking and  
20 planning for the future. Perhaps the State Department  
21 is correct, that our numbers will be up dramatically  
22 next fall. I certainly hope so. But all I can say is,  
23 right now there is no data to support that.

24 State is quite correct that other countries'  
25 strong recruitment efforts, which are leading to

1 dramatic increases in international student enrollments  
2 in Australia, Great Britain, New Zealand, and other  
3 places do have a lot to do with this. But I would  
4 submit, it is wrong to suggest that there is something  
5 separate from visa problems.

6 Part of our competitors' success is due  
7 precisely to the perception that there is a quantum  
8 leap in difficulty in getting into the United States.  
9 So, part of their marketing message is, come to our  
10 country rather than the U.S. and you won't have to go  
11 through all those problems.

12 The good news is, people at the highest level  
13 of our government now agree that America's strong  
14 interest in robust educational and scientific exchange  
15 is ill-served by a visa system that is currently in  
16 place.

17 There is a recognition at the cabinet level  
18 that we have not gotten it right. They say it every  
19 time they give a speech, and they have asked us for our  
20 recommendations for fixing it.

21 In your packet today, you have NAFSA's  
22 recommendations on actions that can be taken to improve  
23 the visa process. I hope you will study those, but I  
24 will just give you a brief summary of them.

25 We argue that a viable visa system which would

1 turn Secure Borders, Open Doors from a slogan into  
2 reality requires four things.

3 First and foremost, the Secretaries of State  
4 and Homeland Security must articulate an operational  
5 visa policy that defines the appropriate balance and  
6 that can guide the decisions of consular officers.

7 Second, such a policy must provide greater  
8 focus for consular reviews. The way it works now, you  
9 review everyone because you are afraid not to, and you  
10 can't blame a consular officer for that. So, we  
11 interview everyone for 90 seconds.

12 We sent every scientist application to  
13 Washington for interagency review, more than 20,000 of  
14 them last year compared to 1,000 per year before 9/11.

15 Even if we gave an eminent scientist a visa every year  
16 for the past 20 years, we will put him through the  
17 whole review all over again in the 21st year.

18 People who go home for vacation or for family  
19 emergencies are put through the same review all over  
20 again before they can get back in.

21 There is no question State is making some  
22 progress in this area, as you have heard, but much more  
23 needs to be done before we will have a visa policy that  
24 maximizes U.S. security by focusing reviews in  
25 appropriate ways, while expediting processing for low-

1 risk visitors whose access to our country is important  
2 to us.

3 Third, for those applications that are sent to  
4 Washington for interagency review, more enforceable  
5 time guidelines are needed to ensure their expeditious  
6 consideration. Because State cannot control the other  
7 agencies involved in the process, we argue in our  
8 recommendations that the guidelines should be  
9 instituted by the White House.

10 Fourth, Congress must act to provide resources  
11 for the streamlined visa system that we seek. This  
12 means not only that State must be given the resources  
13 it needs to operate the consular system that Congress  
14 demands of it, but also that resources must be provided  
15 for the interoperable data system that a streamlined  
16 system requires.

17 I honestly believe, with the necessary will,  
18 we can fix this problem this year. It is a matter of  
19 turning our own leaders' statements into practice.  
20 Virtually every one of the recommendations that we have  
21 made, or something like it, is being worked on by  
22 someone, somewhere in the bureaucracy.

23 With leadership we can get this done, but we  
24 need to step up the pace. Once customers habitually  
25 turn to other suppliers, whether it's in the

1     hospitality business or in higher education or the many  
2     other fields that are affected, it's very hard to get  
3     them back. It takes much longer to get them back than  
4     it took to lose them in the first place.

5             But that's not the end of the story. Fixing  
6     the visa system is only the beginning of the solution.

7     Once we've done that, we must urgently turn our  
8     attention to regaining the international student market  
9     that we have been systematically throwing away for the  
10    past three years.

11            We actually were facing a challenge in this  
12    market before 9/11, and there is a paper in our  
13    archives outlining our concerns prior to 9/11. But  
14    9/11 has certainly exacerbated it. Our share of the  
15    international student market has been declining for 20  
16    years. It is a long-term challenge and we must address  
17    it with a long-term strategy.

18            In January of last year, NAFSA released a  
19    report of our Task Force on International Student  
20    Access. This task force actually was originally  
21    scheduled to meet on 9/12 of 2001, and we got a delayed  
22    start for obvious reasons. But that report came out  
23    last year.

24            It's called, "In America's Interest: Welcoming  
25    International Students." This report is also in your

1 packet, and I encourage you to read it. It calls for a  
2 national effort of government higher education  
3 partnership to attract international students to the  
4 United States. That is exactly what we need. We need  
5 a national strategy that looks at what all of us can be  
6 doing together from our own vantage point to make this  
7 work.

8 We are committed to working together with  
9 State and Commerce, as well as the Department of  
10 Education, to devise and implement such a strategy that  
11 our report calls for.

12 I don't think I need to spend any time today,  
13 because Steve has done such a good job of outlining the  
14 case for international students, but I just want to say  
15 that, as you in the travel business think about your  
16 own strategies and articulate this, I hope that you  
17 will keep the student side of this equation very, very  
18 much a part of it, because I believe there are so many  
19 real links.

20 There are links between families who travel to  
21 visit their students who are studying here, there are  
22 people who come back to travel because they have  
23 studied here as students.

24 There are many more links that you will think  
25 of on your own as you keep these issues in mind. So,

1     thank you very much for this opportunity.  I look  
2     forward to the discussion.

1                   **MILESTONES OF VISA IMPLEMENTATION**

2                   By Leonard Karp

3           Executive Vice President and Chief Operating Officer

4                   Philadelphia International Medicine

5                   MR. KARP:   Going last on a panel always has  
6           its difficulties because I don't think I have anything  
7           left to say, but I think I'll talk, anyway.

8  
9                   MR. KARP:   Sitting here and listening, we  
10          talked a lot today about the balance between our  
11          economic future or our economic presence, actually, and  
12          our need for security.

13                  I'd like to talk a little bit about my  
14          particular industry, health care, and the human element  
15          that we deal with every day.   It's a little different  
16          focus on what we've been hearing.

17                  I'd like to try to put a face on this by  
18          talking about two patients that have come across my  
19          organization.   One was a 12-year-old girl, the other  
20          one was, I believe, a 54-year-old woman.

21                  The 12-year-old girl was a patient referred to  
22          us from the government of Dubai, and had a life-  
23          threatening disease.   When our physicians at the  
24          Children's Hospital of Philadelphia reviewed her  
25          medical case, they thought that they could help

1 stabilize her.

2 Her condition was that she would be needing  
3 treatment for the rest of her life, but that they would  
4 be able to offer that and also work with her physicians  
5 at home in order to ensure she got the care she needed.

6 In essence, her life should not be in jeopardy. This  
7 case came to our attention in February of 2003.

8 We set up an appointment for the patient to  
9 come. The medical office in the Health Ministry in  
10 Dubai went about getting a visa for the patient, and  
11 ran into some difficulty.

12 By the time she was able to get a visa,  
13 obviously a 12-year-old can't travel alone, so someone  
14 in her family had to accompany her. That took another  
15 six to eight weeks to get a visa for her elder brother.

16 By the time all this occurred, her medical condition  
17 started to deteriorate.

18 The next step in this journey was that her  
19 condition had gotten so poor, that she would need to be  
20 air evac'ed to Philadelphia and a physician would need  
21 to accompany her.

22 Well, the local physicians needed to get a  
23 visa. By the time it took the local physicians to get  
24 a visa, the patient was no longer to come to  
25 Philadelphia and she died. This was a four-month

1 journey that ended tragically.

2 Another case was a 54-year-old woman from  
3 Saudi Arabia who did come to Philadelphia with her son.

4 She was a liver transplant patient. Medically,  
5 everything went well with her case. She's back home  
6 now.

7 Her son, while he was here, took up English  
8 lessons, went to the community college, became an avid  
9 supporter of the Philadelphia Eagles, and in fact was  
10 seen wearing Eagles tee shirts and went to Eagles  
11 football games. He called us to see what happened in  
12 our game against Charlotte, and we had to tell him,  
13 sorry, it was a bad outcome.

14 The story here is that the patients that we  
15 deal with every day from around the world can be  
16 ambassadors. In fact, most of the patients we do deal  
17 with become ambassadors for this country back home.  
18 They become supporters for the United States for the  
19 rest of their lives.

20 The patients that we're not able to bring here  
21 can amplify the anger that is going on throughout a lot  
22 of the world. So we have a choice. The choice is that  
23 we can create ambassadors or we can increase the anger.

24 I think we've got to deal with this overall issue in a  
25 more balanced way.

1           Let me just talk a little bit about the  
2           economic cost that we're seeing. International patient  
3           care, for the last decade prior to 9/11, grew at about  
4           11 percent per year.

5           That was one of the fastest-growing segments  
6           of the service industry in terms of exports. Although  
7           we're in the middle of services, we reached just under  
8           \$2 billion in export revenue in 2001. Since then,  
9           we've lost about 25 to 30 percent of our market share.

10          Just to give you a little bit of what that  
11          means, one agency has estimated about 6,000 fewer  
12          patients have come here per year since 9/11. That  
13          6,000-person estimate, for just the health care portion  
14          of their visit, would be about \$310 million. When you  
15          add on multipliers throughout the economy, it comes to  
16          over \$620 million. That's just patients from the  
17          Middle East that we're not seeing.

18          Now, there are many factors why people from  
19          the Middle East or people from Brazil aren't coming  
20          here today. Some of them have to do with visa security  
21          and visa delays. Others have to do with the overall  
22          global recession.

23          My own organization lost a training contract  
24          because of SARS, so that was another problem. There  
25          was a group from China that wasn't able to come because

1 of SARS.

2 The political environment that we are all  
3 facing today is another issue. But, of course, one key  
4 factor and key element is visa delays.

5 When we bring a patient to Philadelphia, the  
6 hospitals aren't the only ones who interact with that  
7 person. There are hotels, airlines, in-city  
8 transportation, interpreters, restaurants, shopping,  
9 cultural events, the hospital vendors, the people who  
10 supply us, support services, our own international  
11 office, the people who work in it and at international  
12 offices around the country in hospitals, banks,  
13 advertising and public relations firms, cable  
14 television companies that specialize in foreign  
15 language programs, architects, engineers. I mean, it's  
16 a huge support network that all benefits from what we  
17 do.

18 I want to give you another factoid that I  
19 found. Just look at air receipts from the Middle East,  
20 excluding Israel. In the year 2000, total airfare  
21 receipts were \$105 million from that part of the world.

22 In 2001, it went down to \$20 million. In 2002, it was  
23 down to \$3 million.

24 Now, our community, the health care community,  
25 or actually the international health care community,

1 has done many things to change its focus and to react  
2 to the changed world that we deal with. We have all  
3 diversified our geographic focus.

4 In my own organization, our single largest  
5 source of patient referrals today is Bermuda. We are  
6 concentrating on the Caribbean. We are concentrating  
7 on Latin America, and we're building networks in Asia.

8 It is no longer the Middle East. I'm not sure  
9 that that will come back, although we have invited some  
10 of the medical attachés from some of the embassies  
11 here, and we're very happy to have you here and hope  
12 this message gets home that we want you back.

13 We have also changed our service lines. Many  
14 of us are concentrating heavily on education and  
15 continuing medical education and training events, and  
16 we're also entering into consulting and hospital  
17 management contracts overseas, so we're planting our  
18 flag abroad.

19 In some cases, we're actually getting patient  
20 referrals from our old clients and treating them in  
21 hospitals overseas. The result is that the marketplace  
22 that we deal with is stabilizing. We're not seeing the  
23 dramatic losses that we had been in the last two years.

24 But we are nowhere near the levels of pre-9/11, so our  
25 base is much lower that we're working from.

1           But it's not only the patients that we're  
2     seeing having problems coming here. We also are seeing  
3     the same delays for scientists, for researchers, from  
4     one of my own hospitals.

5           Children's Hospital had a team from China who  
6     canceled--these were researchers that were involved in  
7     a project with our researchers and they really needed  
8     to coordinate with the people here in Philadelphia--  
9     jeopardizing a clinical program. One of my friends at  
10    Johns Hopkins estimated that it the loss is about  
11    \$50,000 for each researcher who can't get here.

12           In terms of medical residents, it's another  
13    area that we're facing considerable problems in getting  
14    people to either come, or once they come, they can't go  
15    home. The *Philadelphia Inquirer*, this Sunday, did a  
16    story that said 35 percent of the residents that are  
17    coming to the United States are arriving late, and  
18    about 12 percent of those are more than a month late.

19           Business relationships. I was astounded.  
20    Talk about factoids. There are a million fewer visa  
21    applications because people just aren't applying. I  
22    think we're in a crisis situation. If that number  
23    doesn't wake up people, I don't know what will.

24

25           MR. KARP: This was referred to earlier, about

1 the Santangelo Group. Thirty billion dollars in lost  
2 business because of visa delays. You know, this was an  
3 industry-supported study, so if you divide it by half,  
4 it's still an enormous loss.

5 My own company has a partner in Saudi Arabia  
6 that we are having all kinds of difficulty getting him  
7 to come to Philadelphia for a business meeting.

8 And as has been mentioned from my colleagues  
9 in education, other countries are filling the void. In  
10 our own case, many of the Middle Eastern patients are  
11 going for care in Germany, in Britain. They're even  
12 going to Singapore, India, and the Far East.

13 The government of Singapore just commissioned  
14 a white paper that was issued last week. The essence  
15 of their white paper was that it makes eminent sense,  
16 now that the United States is having a drop-off in  
17 international patient referrals, for them to organize  
18 their program more.

19 There are other programs in Australia. The  
20 government of South Australia has an organized program.

21 Hong Kong, Thailand, Malaysia. They're all increasing  
22 their marketing efforts.

23 Another study that I saw was Asian growth  
24 rates. In Thailand, they're anticipating a 15 percent  
25 growth in their patient referrals from Asia. Malaysia,

1 a 30 percent growth. In the United States, it's a 5  
2 percent decline.

3 Just some headlines around the world that I've  
4 seen. The *Jordan Times* says, "Killing the Tourism  
5 Slump by Investing in Arab Patients." The *Medical*  
6 *Post*, which is from Bangkok, "Asian Nations Fight for  
7 Tourists' Health Dollars." And *Reuter's Health* from  
8 Berlin says, "Arabs avoid U.S. for Medical Care and  
9 Look to Germany."

10 I'm getting the request to conclude. I guess  
11 I'd conclude by saying, we were asked in a push-back,  
12 what are we doing? Well, hospitals are doing a lot.  
13 We are working with each patient. We're educating each  
14 patient. We're working with them so that when they go  
15 for their visa they're prepared for the questions and  
16 the information that they need.

17 What we'd want from government, are several  
18 things. One was mentioned already, better customer  
19 service and training of consulate officers. I didn't  
20 hear, in one of your 60 procedures, that there was  
21 anything about customer service. Maybe there is, but  
22 you didn't mention that.

23 Many of these other points have been taken up  
24 by others, but we also need to do a better job in  
25 getting the word out, not here in the United States,

1 but overseas.

2 It seems like most of the focus of US-VISIT  
3 and sessions like this, how good they are, the audience  
4 needs to be overseas. We'd ask our ambassadors to  
5 start doing more to get out of the embassy and meet  
6 with the local press in their countries.

7 In our own case, to hold visits of the medical  
8 community. When we send a visiting physician and use  
9 the embassy for meetings with the local physicians, we  
10 need to put out a carefully transformed welcome mat  
11 that says that we're world class, our hospitals are  
12 world class, and we need you back. Thank you.

13

14 MS. BARRY: I would like to use my prerogative  
15 to make a couple of comments in light of the panelists'  
16 remarks. I think, just a couple of things that are  
17 common to everybody's presentation before we take  
18 questions and answers from the audience. I will be  
19 very brief, I promise.

20 First of all, there are not more visa denials  
21 in the post-9/11 world. The visa denial rate is  
22 remarkably stable around the world.

23 Secondly, when do you apply for a visa,  
24 particularly for business customers? Students are  
25 somewhat different, because I have to have a student

1 acceptance form from the university.

2 But for business travelers, what we are  
3 interested in is that they are a bona fide business  
4 traveler. We are less interested in where they are  
5 specifically going on that trip.

6 So if you engage with a foreign partner and  
7 you know that they are going to need to travel back and  
8 forth, tell them to apply early for a visa. That is  
9 what we are interested in, that they are a bona fide  
10 traveler, not that they're going to be in Atlanta on  
11 April 2nd for a meeting with Coca-Cola.

12 Third, several people mentioned screening  
13 problems. I'll be very honest. Part of the problems  
14 are related to the fact that certain nationalities have  
15 a lot of commonality in names, and if there is a hit  
16 against someone who is a threat to us simply because of  
17 a common name, it may take a little while to resolve  
18 that.

19 The system is much better. I don't think that  
20 the medical case of May of 2003 is representative right  
21 now of how long it may take to resolve a case simply  
22 because there may be a common name with someone who is  
23 of concern.

24 Yes, we do customer service training. We do  
25 want very much to be seen in our consular sections as

1 welcoming to the public. U.S. ambassadors do outreach,  
2 and we will certainly give them more suggestions on how  
3 to deal with issues related to travel.

4 And my last point is that, as you carry the  
5 message, you can either feed the perception that travel  
6 to this country is very difficult, or you can try and  
7 present a positive outlook that the systems in place  
8 are getting better and will continue to get better, and  
9 that people should not self-select themselves out of  
10 the pool of visa applicants.

11 I'll close on that and we'll take questions  
12 from the audience.

13 MS. JO: My name is Mir-Mir Jo. I'm the  
14 Director of the Credential Evaluation Service of ABET,  
15 the Accreditation Board for Engineering Technology.

16 I heard a lot of comments -- not comments,  
17 statements, about enrollment is down, and also the  
18 business is down and money is lost. At ABET, we see a  
19 different picture.

20 We have seen that in the visa process, we have  
21 seen TN H1-B visas were issued to people, to technical  
22 personnel, mainly, with the qualification that do not  
23 meet our U.S. requirements and ABET criteria. Out of  
24 the evaluations we have done so far, we have found over  
25 50 percent do not meet the U.S. engineering criteria.

1 But these people, they were given visas to come in this  
2 country to work in the technical field, engineering  
3 field. Therefore, we are very concerned.

4 Also, we are very concerned about how foreign  
5 engineering degrees and credentials have been reviewed  
6 and evaluated at the university level. Now, we have  
7 found graduates with foreign bachelor's degrees, with  
8 U.S. master's degrees or PhDs. We found, when they  
9 apply for a license in this country, we found their  
10 documents were forged. We have many examples, but here  
11 I gave you one.

12 One student came in with forged documents and  
13 got into graduate school, and has a master's degree,  
14 and then later applied for a Social Security Service  
15 job and the person was caught. That's just one of the  
16 many examples here.

17 We also have an example of a foreign-trained  
18 engineer who came to this country and got a license  
19 from a state with a forged document, and then later it  
20 was found he was given the responsibility to inspect  
21 all the bridges in the state. Fortunately, we found  
22 the problem and reported it to the state board, and  
23 then his license was revoked.

24 So I do believe that foreign credentials,  
25 foreign degrees, should be carefully verified in

1 evaluating in industries, at universities, and also in  
2 the visa processes so we can protect the safety,  
3 health, and welfare of the public.

4 Thank you.

5 VOICE: I have a question for Ms. Barry.  
6 First of all, I wanted to thank you for coming, and  
7 also thank you. We understand there is now discussion  
8 going on with Homeland Security about collection of the  
9 service fee by the State Department, and we're very  
10 happy to see that finally taking place.

11 A couple of things that we would really like  
12 to see happen that would help clarify matters for  
13 everyone in the tourism industry and in the education  
14 sector.

15 One, is to post on each embassy's Web site  
16 what is the anticipated waiting time for an  
17 appointment, what is the anticipated waiting time for a  
18 visa. Second of all, to post on each embassy's Web  
19 site what the rejection rate is for each category of  
20 visa. This information is posted on the Web sites of  
21 countries who are eager to have our students.

22 Thank you.

23 MS. BARRY: Let me answer the first part of  
24 your question. We do want to establish more uniformity  
25 in the information available on visa processing through

1 the Web sites of individual embassies.

2 What we're talking about doing in my office,  
3 is establishing, if you will, a minimum standard,  
4 listing the data elements that we demand that every Web  
5 site post and keep up to date.

6 Then to the degree that they wish to add more  
7 specificity about unique local conditions, that would  
8 be fine with us, but that there would be some  
9 predictability and uniformity in the Web sites of  
10 consular sections overseas.

11 We do not publish rejection rates by visa  
12 category, nor do we do it by nationality. We have  
13 never done that as a matter of policy. There is not  
14 now in the State Department a discussion to do so. We  
15 have found in our bilateral dialogue with government  
16 that it is an issue that aggregates the behavior of  
17 individuals.

18 No one is responsible for it. Governments can  
19 produce a new generation of passports. Governments can  
20 produce better screening at airports. But governments  
21 cannot produce better behavior by their nationals. So,  
22 it is simply the individual choices of a lot of people  
23 that end up being reflected in visa issuance rates or  
24 the failure to achieve a visa.

25 The failure to achieve a visa is so complex,

1     it ranges from terrorism, to criminality, to  
2     immigration violations, to the simple fact of not  
3     bringing in a photo when you apply. So, we have found  
4     it better not to get into that kind of dialogue with  
5     the general public.

6             MR. LONG: Let me intervene here. We'll be  
7     able to continue these same themes with the next panel.

8     I'd like to stop the questioning for a moment, do the  
9     next panel, and then we'll be able to continue with  
10    this. Please bear with us.

11  
12            MS. MORANO: I'd ask for you all to take a  
13    seat. Thank you, Mr. Karp. Thank you all for the  
14    first panel. It was terrific.

15            I have one housekeeping item to do because I  
16    was given this. Let's see. As soon as Jim Williams  
17    gave the Web site for US-VISIT, I was given the card on  
18    how to correct it and I haven't been up here to do this  
19    yet. So, I'm just doing it to show that I follow  
20    directions sometimes.

21            The site that he gave you was [www.dhs.gov](http://www.dhs.gov).  
22    And Anna said put a slash after that, and then put us-  
23    visit and that will get you right to the site which has  
24    all the information they've been diligently providing  
25    on the US-VISIT program. Okay.

1           Now we're at the Policy Implications for  
2     Conducting and Booking Business. I think this will be  
3     a very good session to continue some of the dialogue  
4     from the previous one, but also to open it up to, well,  
5     how's it really working now?

6           So for those of you, by the way, that I sent  
7     to go to the cafeteria for lunch, I apologize. I was  
8     not aware they had changed the security laws on us  
9     here. So, see? Some of the communication can be  
10    inside, too. So, I hope you found a good lunch during  
11    the break.

12           I'd like to start with our moderator, Mr.  
13    Alfonso Martinez-Fonts, Jr. I just wanted to say his  
14    whole name, because it's so nice and long.

15           Mr. Martinez-Fonts, who was sworn in as  
16    Special Assistant to the Secretary for Private Sector  
17    at the Department of Homeland Security on January 30,  
18    2003.

19           So we've had him here for a little bit, and I  
20    think he's spent an awful lot of his time with the  
21    private sector enough for you to be able to have  
22    engaged in some conversations with him, some of you in  
23    this audience, at this time. He is charged with  
24    providing America's private sector with a direct line  
25    of communication to the Department, being done so

1 effectively.

2 He constantly works within individual  
3 businesses and through the trade associations and other  
4 non-government organizations to foster the dialogue  
5 between the private sector and the Department in the  
6 formulation of policies and the range of implementation  
7 that they are responsible for.

8 Prior to that, he had retired in April 2002 as  
9 Chairman and Chief Executive Officer of J.P. Morgan-  
10 Chase in El Paso, Texas. So before moving to El Paso,  
11 he had been president of the bank in San Antonio. He  
12 received his undergraduate degree in political science  
13 from Villa Nova University.

14 I say that, because I have an intern here  
15 working in our Department, as a matter of fact, from  
16 Villa Nova University, Lauren Brooks, and we're very  
17 pleased to have her. So, I guess it's a good testimony  
18 to caliber and ability to continue to moving forward.  
19 So, good thing you're getting a start with us here,  
20 don't you think?

21 Also, an MBA in finance from Long Island  
22 University. We're very pleased that he was able to be  
23 with us. He's the one with the plane to catch, so if  
24 he leaves it's not because you asked the wrong  
25 question. Okay?

1           Our first panelist that's going to be with Mr.  
2     Martinez-Fonts is Matt Bates. Mr. Bates is the CEO of  
3     Bates Consultancy, which was established to offer  
4     creative solutions to the travel profession and  
5     business development, sales, marketing, and compliance.  
6     They provide core services through publishing  
7     communications and training input to a wide variety of  
8     clients.

9           He comes to us serving in his capacity as the  
10    Secretary of the VISIT USA Committee-Europe. I have to  
11    recognize that there are over 35 people here who have  
12    come specifically for this conference from Europe.

13          Mr. Bates is also chair of the VISIT USA  
14    Committee-U.K. Both of these entities, along with the  
15    VISIT USA Committee-Germany and that of Europe, were  
16    also very instrumental in the content and being a  
17    spurring force for forming this conference, and we  
18    thank you both for the ideas, the generation of it, and  
19    also for your coming here to present the international  
20    perspective, as is needed.

21          With that, I would like to at least recognize  
22    that we have a very multi-faceted package from our  
23    Scottish friend, Mr. Bates.

24          We next have Mr. Shannon O'Kelly, who is the  
25    executive director of International and Corporate

1 Health at the New York Presbyterian Hospital, and the  
2 university hospitals of Cornell and Columbia.

3 He is responsible for managing services  
4 provided to international patients, the creation of  
5 collaborative affiliations, and other types of  
6 international program development.

7 He's been here in this position for five  
8 years, having come in from 10 years at Johns Hopkins  
9 Health System as a manager of Strategic Planning and  
10 Marketing, and deputy director of International  
11 Services. Thank you for coming, Mr. Kelly.

12 Then we have Mr. Bob Vastine, who currently is  
13 the president of the Coalition of Service Industries.  
14 This is an industry trade association for service  
15 companies and I think he'll probably give you a little  
16 more detail on that.

17 Prior to that, he had served as president of  
18 the Congressional Economic Leadership Institute and  
19 with an executive branch experience including serving  
20 as the Deputy Assistant Secretary of the Treasury for  
21 International Trade and Raw Materials Policy, and as  
22 vice president of the Oversight Board of the Resolution  
23 Trust Corporation.

24 He has a variety of backgrounds serving on the  
25 Hill, and also as chairman of the Industry Trade

1     Advisory Committee for the U.S. Department of Commerce  
2     which is overseen by the Service Industries' Tourism  
3     and Finance Office. So, we are very pleased that he is  
4     here to speak on behalf of a wide constituency.

5             I just wanted to publicly recognize his  
6     wonderful patience at lunch as we set up yet another  
7     table, but was able to have a good dialogue with  
8     Assistant Secretary Verdery as a result. See? There  
9     are just rewards in everything.

10            For our last speaker on the panel, a nice new  
11     member of the community, the National Business Travel  
12     Association, where he serves as the head of that, the  
13     executive director and COO, having only just come on  
14     board in 2003.

15            But he has 17 years of experience in the  
16     travel and tourism industry, so it's not that this is a  
17     new area for him, having come in from being the senior  
18     vice president of Meetings, Education, and Member  
19     Services of ASTA. I think you did everything but be  
20     president of that organization, so there you go.

21            But he got his start, I think it is  
22     interesting to keep this in perspective now, in the  
23     travel business in 1986 as a steamship captain for the  
24     Lake George New Orleans Steamboat Company, and he still  
25     holds his Master's license as a cruise ship captain.

1     So, I think we'll let him steer the end of this boat  
2     when we finish on this panel.

3             Thank you very much.

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1       **POLICY IMPLICATIONS FOR CONDUCTING & BOOKING BUSINESS**

2                   By Alfonso Martinez-Fonts, Jr.

3                   Special Assistant to the Secretary

4                   U.S. Department of Homeland Security

5                   MR. MARTINEZ-FONTS: Helen, thank you very  
6 much. Good afternoon.

7                   Let me start out by saying thank you to all of  
8 you for being here and for participating with us today.

9                   Let me thank the members of my panel for being with us  
10 today and offering their insights and advice.

11                   By the way, Helen, thank you very much for  
12 pointing out the Villa Nova University part, and  
13 welcome to the Villa Nova student.

14                   I'm glad you didn't focus on my James Madison  
15 High School. My mother-in-law, who turns 90 this  
16 weekend, went to James Madison High School, so I have a  
17 very close connection to Dr. Trachtenberg here.

18                   But what I'd like to do, I'm going to try to  
19 keep my remarks, and I've asked every one of my members  
20 to keep them somewhat short, because I think that the  
21 greatest benefit can be gained by the interaction that  
22 we have with the audience.

23                   So if we tend to be short, it's not to get out  
24 of here in a hurry, but really to give ourselves the  
25 opportunity to listen to you, and also, even though we

1 have Captain Bill Connors bringing up the rear, Bob  
2 Vastine has asked me if he could be at the end because  
3 he says he believes he has a different perspective than  
4 any of us and it will help round out the end. So, with  
5 those housekeeping matters, let me just talk a little  
6 bit about what I do.

7 I was very fortunate, as you heard, to be  
8 appointed Special Assistant to Secretary Ridge in  
9 charge of the private sector. I am in charge of the  
10 private sector office which was created by the law that  
11 created the Department of Homeland Security, and even  
12 though we are charged with seven things in the law--you  
13 know, laws tend to be kind of boring--let me tell you  
14 what I believe that I do.

15 Number one, I am an advocate for the private  
16 sector. I am an advocate for you. For all those of  
17 you that want to get in and make sure that we can get  
18 the right message and the right information to the  
19 Secretary, that is what I do.

20 When we play war games and the answer is, we  
21 ought to close the Chicago Airport, sir, because  
22 there's a spread of typhoid fever that could be -- it's  
23 like, Mr. Secretary, I don't think that's the smartest  
24 thing to do right now. Economically, that's going to  
25 hurt tremendously.

1           I just heard Secretary Evans earlier this  
2 morning speaking at another event, and he uses a term  
3 that Secretary Ridge uses as well, which if we don't  
4 have economic security, we will never have national  
5 security. So, the work that you all do in the business  
6 and for which I'm advocating for you is extremely  
7 important.

8           Secondly, we share two things. We share  
9 information. We try to make sure that information that  
10 is generated by our Information Analysis Group--this is  
11 our group that looks at the threats that are presented  
12 to this country--that we share that information with  
13 you, and that secondly we share best practices. What  
14 is it that travel agents, hospitals, or schools can do?

15       How can we get that information around so that those  
16 best practices can be shared?

17           Third of all, we try to create public/private  
18 partnerships. We believe, at the end of the day--  
19 again, let me quote Secretary Ridge. He says that  
20 homeland security is not a federal issue, it's a  
21 national issue.

22           We could throw as much money as we want--and I  
23 hope there are no members of the Hill here that will  
24 say we've already thrown enough at it--and we could  
25 probably put more money into it, but it will never be

1 resolved with just money and just with the Federal  
2 Government.

3 Every American, and to a certain degree as I  
4 look around this room here, those of you that are  
5 promoting foreign travel, you probably want to make  
6 sure that every one of those foreign travelers as well  
7 is aware of it, that they need to be part of fighting  
8 terrorism, even in this country.

9 Finally, we have an economic analysis  
10 capability within our office that takes a look at, what  
11 is the cost, what is the impact, what are the effects  
12 of the rules and regulations that the Department is  
13 promulgating?

14 Let me switch over a little bit to a lighter  
15 topic. As I tried to figure out what it is that we try  
16 to do, ideal, you listened to Stewart Verdery this  
17 morning, you listened to Jim Williams. I don't think  
18 there was anyone here from Customs and Border  
19 Protection, but we also deal with trade. I'd like to  
20 just share a story with you.

21 Have you heard the one about the fast  
22 mathematician? There's an ad in the paper that says,  
23 "Fast mathematician wanted," and there's a telephone  
24 number right below it.

25 So this mathematician called the number and he

1     said, I'd like to apply for the job. He said, look,  
2     are you really, really, really fast? The guy says,  
3     well, I'm pretty fast. He said, look, pretty fast  
4     isn't going to make it.

5             We need someone that is really, really, really  
6     fast. He said, well, you know, I think I could be  
7     really, really fast. He said, look, not just regular  
8     fast. He said, look, just try me, okay?

9             So the guy says, okay, how much is \$22,387,609  
10    divided by 18,608? And the guy goes, 24,307. He said,  
11    I'm sorry, that's the wrong answer. He said, well,  
12    what the hell did you want, speed or accuracy?

13

14            MR. MARTINEZ-FONTS: And the reason I share  
15    that story with you, is because that is the dilemma  
16    that we face today in America. We face it when it  
17    comes to cargo and we face it when it comes to people.

18            Do we want fast or do we want accurate? We could open  
19    our doors completely.

20            By the way, this applies -- I don't mean to  
21    liken people to cargo, but it could be for trucks that  
22    we just let in without inspecting or it could be for  
23    people that we just allow to step off the airplanes and  
24    not go through any sort of immigration, Customs, or  
25    other kind of procedure, or we could check every truck

1 that comes into the country, every vessel that comes  
2 into our ports, and every container, and every person  
3 as we interrogate them at the border, and we could, in  
4 effect, stifle the economic system in America and the  
5 terrorists would have won without there having been a  
6 single shot having been fired.

7 So, we need to make sure and we need to come  
8 up with the procedures that get us fast and secure. We  
9 need to make sure that people can get through the  
10 borders and goods can get through the border, but that  
11 we know that those people are people that we have  
12 confidence in that they're not going to hurt us or that  
13 the goods that are coming across are going to hurt us.

14 You're going to hear from this panel that has  
15 very, very diverse views on different areas. I told  
16 you we would try to speak and keep this thing short so  
17 you could ask a lot of questions.

18 With that, let me turn it over to Matt Bates  
19 from VISIT USA Association.

20 Matt?  
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1       **POLICY IMPLICATIONS FOR CONDUCTING & BOOKING BUSINESS**

2                               By Matt Bates

3               Chairman, VISIT-USA Association - United Kingdom

4               MR. BATES: Thanks, Al.

5               Good afternoon, ladies and gentlemen. I can  
6 be really, really fast. But thanks, quickly, too, to  
7 Doug Baker and his colleagues in the ITA and the OTTI  
8 for facilitating this illuminating dialogue taking  
9 place today.

10              The strength of our delegation from VISIT USA-  
11 Europe, 32, I think, in total, is an indication of how  
12 important we felt it was to come here today and talk  
13 with our colleagues in the U.S. Government.

14              As I said, the overview that I'm going to give  
15 will be very brief, and I hope to the point. In fact,  
16 it will be something of a resume of points that have  
17 already been raised by my colleagues in Europe this  
18 morning.

19              One of our original objectives in forming  
20 VISIT USA-Europe was to explore whether or not we could  
21 forge a fairly uncomplicated and informal alliance  
22 which would lend us additional strength in facing the  
23 challenges that we have all faced since September 11,  
24 faced in our national U.S. leisure travel markets, and,  
25 of course, here.

1           In the wake of the disbandment of the U.S.  
2       Travel and Tourism Administration in the late 1990s,  
3       the associations were formed and grew to the 50 or so  
4       that we have worldwide today.

5           They are all subscription-based, voluntary  
6       associations drawn from the airline, hotel, destination  
7       marketing, car rental, et cetera, world, very motivated  
8       and very prepared to put time into the effort.

9           We had, and still have, many very local market  
10      focused aims and objectives. We are diverse  
11      committees. In practical terms, though, we are each  
12      unique and fiercely independent.

13          But we also have a common mission, and that's  
14      to educate and motivate our national markets to travel  
15      principally for leisure, but also for business  
16      purposes, to the USA.

17          In forming VISIT USA-Europe, we were acutely  
18      aware that we had the potential to add real value to  
19      our individual market efforts. For two and a half  
20      years, our membership from our smallest market in  
21      Austria to our largest in the U.K. represents more than  
22      80 percent of the total passenger lift from Europe to  
23      the USA. That is some seven million passengers out of  
24      a total of nine million from throughout Europe  
25      projected for 2004.

1           That nine million represents nearly 20 percent  
2 of the 42 million international visitors to the USA, so  
3 we feel qualified and we feel motivated to make our  
4 comments today and offer our input to U.S. entry  
5 development.

6           In most of our markets, we work in close  
7 cooperation already with the U.S. Commercial Service  
8 based in our U.S. embassies and with the Travel  
9 Industry Association of America. That's a partnership  
10 that's developing very rapidly and very strongly.

11           It's a reflection of the success, I think, of  
12 the VISIT USA committees that we are now working  
13 towards helping to pilot, as it so happens, in the  
14 U.K., the first major U.S. Government-funded marketing  
15 campaign.

16           That's, hopefully, going to be the model for a  
17 Europe white campaign, and who knows, perhaps for a  
18 permanent return to investment in marketing in the  
19 future by the U.S. Government.

20           Of course, the mutual challenge we're here to  
21 discuss today is a very different one, U.S. entry.  
22 It's different from tourism promotion, but in our view  
23 in Europe, and in a very real way, it's the same. It's  
24 part of the same challenge.

25           We have to recognize the reality that unique

1 destination though it is, America is only one choice  
2 available to leisure travelers. Everywhere there are  
3 established long-haul destinations and emerging ones  
4 with much to attract those travelers and the money to  
5 do the job.

6 I wouldn't be here today reviewing U.S. entry  
7 with you if we didn't still represent a major player,  
8 perhaps the major player, in world travel and tourism.

9 But if we don't get this U.S. entry part of our  
10 promotion right, who's to say how long we'll remain the  
11 player to target those other destinations, and who's to  
12 say whether or not we'll need to have another  
13 conference like this one in the future? We need to  
14 redress the balance between security needs and making  
15 travelers welcome.

16 In Europe, several elements of the evolving  
17 U.S. entry structure are of real, ongoing concern to  
18 us, and a number of them have been aired already today.

19 Hopefully, you won't mind if I just reemphasize a  
20 couple.

21 Be sure that, firstly, I'm reemphasizing them  
22 in context of our unanimous view. That is, our support  
23 of a coherent and secure entry system for U.S. citizens  
24 and international visitors alike is not in question.  
25 Safety and security, delivered to the best of human

1      \*\*Final pages to be included shortly\*\*